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F I S C A L   A F F A I R S   D E P A R T M E N T

Republic of Poland
Public Investment Management Assessment

Torben Hansen, Eduardo Aldunate, Sagé de Clerck, Karim Foda, Duncan Last, Isabel Rial, Iwona Warzecha, and Barbara Ziolkowska

Technical Report

January 2022

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ACRONYMS

BGK	Bank Gospodarstwa Krajowego (Polish Development Bank)
CESEE	Central, Eastern, and South-Eastern European
CoM	Council of Ministers
EBEs	Extra-budgetary entities
EDE	Emerging and Developing Europe
ESIF	European Structural and Investment Funds
ESA	European System of National and Regional Accounts
EU	European Union
FAD	Fiscal Affairs Department of the International Monetary Fund
GDDKiA	General Directorate for National Roads and Motorways
IMF	International Monetary Fund
IT	Information Technology
LG	Local Government
MDAs	Ministries, Departments and Agencies
MDFRP	Ministry of Development Funds and Regional Policy
MoF	Ministry of Finance
MSA	Ministry of State Assets
MTB	Medium-term budget
MTBF	Medium-Term Budget Framework
MTFF	Medium-Term Fiscal Framework
MTO	Medium-term objective
NAC	National Appeals Chamber
NIK	Supreme Audit Office
NFOSiGW	National Fund for Environmental Protection and Water Management
NPP	National Purchasing Policy
PFA	Public Finance Act
PFS	Public Finance Sector
PGNiG	Polskie Górnictwo Naftowe i Gazownictwo
PIM	Public Investment Management
PIMA	Public Investment Management Assessment
PLN	Polish zloty
PMO	Project Monitoring Office
PPL	Public Procurement Law
PPO	Public Procurement Office
PPPs	Public Private Partnerships
RIOs	Regional Chambers of Audit
RRF	Recovery and Resilience Facility
SER	Stabilizing Expenditure Rule
SNGs	Subnational Governments
UOKIK	Office of the Competition and Consumer Protection

PREFACE

In response to a request from the Ministry of Finance (MoF) of Poland, staff from the IMF's Fiscal Affairs Department (FAD) undertook a remote Public Investment Management Assessment (PIMA) during September 28 to October 27, 2021. The mission team was led by Torben Hansen (FAD) and included Sagé de Clerck and Isabel Rial (both FAD staff), Karim Foda (EUR staff), Eduardo Aldunate and Duncan Last (both FAD short-term experts), and Iwona Warzecha and Barbara Ziolkowska (both World Bank staff).[1]

At the MoF, the mission team met with: Mr. Tadeusz Kościński, Minister of Finance; Tomasz Skurzewski (deputy director) and staff from the International Cooperation Department; Piotr Dragańczuk (deputy director) and staff from the State Budget Department; Marek Skawiński (director) and Joanna Bęza Bojanowska (deputy director) from the Macroeconomic Department; Barbara Styczeń (deputy director) and staff from the Paying Authority Department; Marek Szczerbak (deputy director) and staff from the Public Debt Department; Zdzisława Wasążnik (deputy director) and staff from the Local Government Finances Department; and staff from the Economic Policy Support Department; Economy Financing Department; Value for Money and Accounting Department; and Guarantee Department.

Further, the mission met with: representatives of the Ministry of Infrastructure and Polish Water, including directors Wojciech Skowyrski, Grzegorz Szymoniuk, and Jarosław Waszkiewicz; representatives of the Ministry of Development Funds and Regional Policy, including deputy directors Katarzyna Kromke-Korbel, Michał Piwowarczyk, and Joanna Gajda Sobieszczańska; Błażej Olek (director) and staff of the Project Monitoring Office's Analyzes Department at the Prime Minister's Office; representatives of PGNiG, including director Piotr Szlagowski; Mr. Wojciech Krawczyk at the Ministry of State Assets; and representatives of the Ministry of Climate and Environment, including director Paweł Pikus, as well as Izabela Gibała, director from the EU Funds Office.

The mission also met with: Paweł Borys, President of the Polish Development Fund; President Roman Szełemej and officials from the City of Wałbrych; representatives of the Supreme Audit Office (NIK); representatives of the General Directorate for National Roads and Motorways, including directors Anna Mróz and Tomasz Smoleń; representatives of the National Fund for Environmental Protection and Water Management, including manager Ernest Hyś and director Piotr Makuch; and representatives of the Public Procurement Office; the Energy Regulatory Office; and the European Union Delegation.

The mission team would like to thank all these officials for the frank and open discussions and close cooperation during the mission. Particularly, the mission is grateful for the support from Tomasz Skurzewski and his team, especially Marta Skrzyńska, Damian Szostek, and Dominik Skopiec in coordinating the work of the mission and providing outstanding support before and during the mission. Also special thanks to Joanna Rheindorf-Zaorska and Bozena Glowacka for their excellent interpretation and translation assistance.

[1] The mission also benefitted from the input of the resident PFM Advisor, Vijay Ramachandran.

EXECUTIVE SUMMARY

Public investment is expected to play a significant role in the post-pandemic economic recovery in Poland. Like other countries in the Central, Eastern, and South-Eastern European (CESEE) region, Poland lags far behind more advanced European economies in the quantity and quality of its infrastructure despite significant progress in the last decade. The Government's recent economic plan—the New Polish Deal—foresees an extensive economic and investment plan, with investments in large infrastructure programs and digital infrastructure, many of which are expected to benefit from European Union (EU) funding.

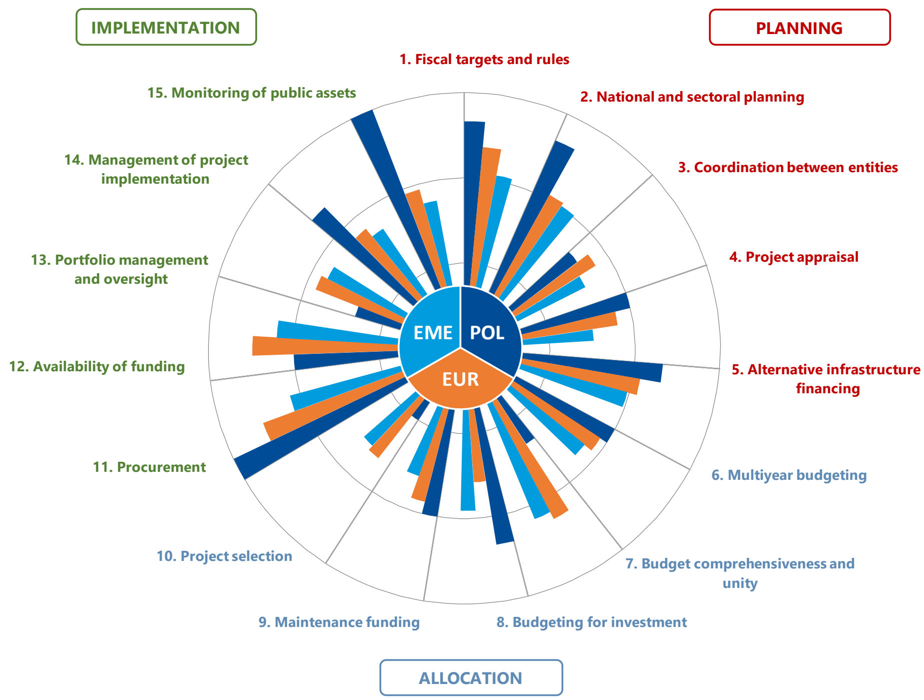
Poland is already the largest recipient of funds from the EU cohesion funds with allocations of over 90 billion euros over the course of the 2014-2020 multi-annual financial framework, which ends in 2023. It will remain the single largest recipient of EU funds in the 2021-2027 programming period, and—in addition—stands to receive almost 24 billion euros in grants under the EU's new Recovery and Resilience Facility (RRF) to help facilitate a significant scaling up of green, digital, and resilient investments. In this context, the authorities have requested a public investment management assessment (PIMA) to assess strengths and weaknesses of infrastructure governance in Poland and identify potential bottlenecks for making the most of these investments in terms of quality infrastructure.

There is scope to improve Poland's public investment management (PIM) framework to increase the efficiency of public infrastructure investment. Based on the IMF methodology, the estimated efficiency gap between Poland and the most efficient countries with comparable levels of public capital stock per capita is 36 percent, higher than the average efficiency gap for EU countries. This suggests that about one third of public investment spending in Poland did not result in the increase in the level or quality of infrastructure that would have been achieved by the most efficient comparator country.

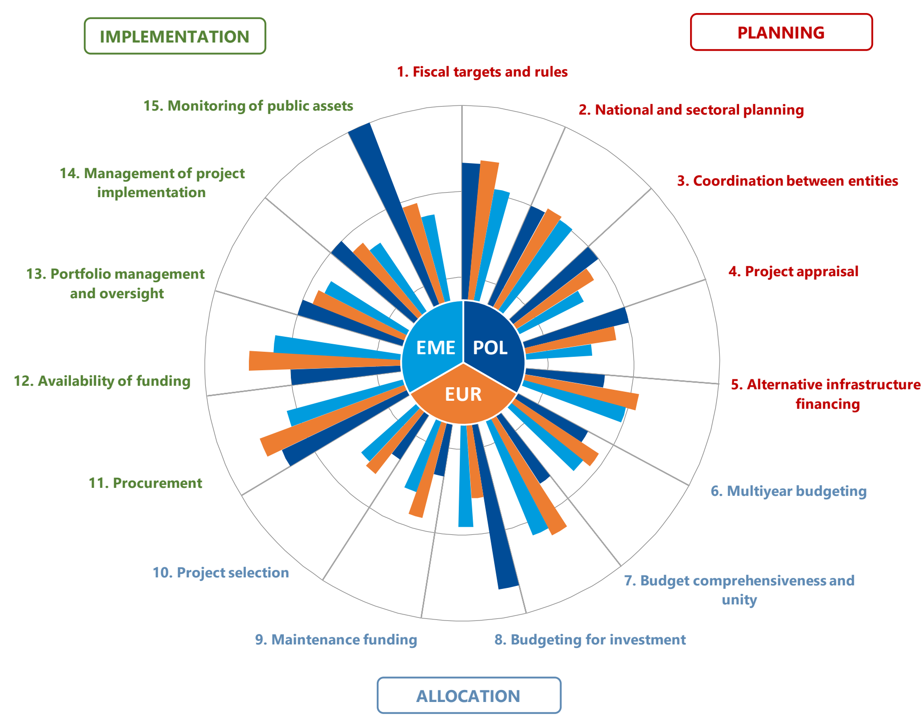
Overall, public investment institutions compare well in several areas to the average of European countries and the group of emerging market economies (Figure 0.1). Compared to peers, Poland has relatively strong institutions for national and sectoral planning, budgeting for investment, procurement, management of project implementation, and monitoring of public assets. At the same time, most institutions tend to be stronger "on paper" (institutional design) than "in practice" (effectiveness), indicating a potential to strengthen the implementation of public investment practices. In other cases, while scores in institutional design are relatively low, well-established practices indicate a higher level of effectiveness. Relatively weak institutions include coordination between entities, budget comprehensiveness and unity, maintenance funding, project selection, and portfolio oversight and management.

Figure 0.1. Strength and Effectiveness of Public Investment Management in Poland

Institutional Design



Effectiveness



Source: IMF staff calculations based on PIMA reports (2015 -2021).

Infrastructure governance in Poland is complex, involving an extensive web of public entities with different and potentially overlapping roles, which causes fragmentation affecting all stages of the public investment cycle—planning, allocation, and implementation—both in terms of institutional design and effectiveness:

- At the **planning** stage, capital investment plans of subnational governments (SNGs) are not formally discussed with central government unless they require financing from the State Budget or EU funds. Monitoring of the financial performance and investment plans of public corporations (PCs), which dominates many of the key infrastructure markets in Poland, is limited and fragmented, and Public-Private-Partnerships (PPPs) are not fully integrated in the government's medium-term investment plans.
- At the **allocation** stage, a large share of capital spending is being executed outside the State Budget, and there is no single project pipeline of appraised projects ready for selection regardless of source of funding. There is also an absence of standard methodologies and clear guidelines for estimating maintenance needs and costs for main asset classes, except for the national road network.
- At the **implementation** stage, multiple implementing agencies are responsible for managing major investment projects that fall under their competencies, but there is no consolidated monitoring of the implementation status of the portfolio of major projects.

Strengthened information flows and more standardized guidance would facilitate better coordination and decision making in public investment across the public sector within existing mandates and responsibilities. This would help identify common issues afflicting large and strategic infrastructure projects, harmonize methodologies used in public investment management, and serve as a feedback loop to inform future investment cycles. Importantly, it can be developed gradually over time as information and capacities improve. In turn, approaching the budget process from a portfolio perspective could help better protect the value of existing assets.

This report makes the following **10 key recommendations** to strengthen PIM processes:

- **Improve project appraisal practices** by applying project appraisal mechanisms in place for EU funded projects to all major budget funded projects, and developing standardized guidelines and methodologies for project appraisal.
- **Strengthen oversight of public corporations and PPPs**, given their significance in the provision of public infrastructure.
- **Provide a comprehensive and consistent view of public investment** in a credible document, such as a budget annex or a separate public investment plan.
- **Identify maintenance needs** in sectoral plans, prioritize maintenance funding, and report on its execution.
- **Introduce standard criteria for project selection and prioritization** at the central level.

- **Develop a pipeline of appraised major capital projects** to be considered for project selection regardless of funding source.
- **Compile information and monitor the implementation of large infrastructure projects** from a portfolio perspective.
- **Set up a requirement to systematically conduct ex-post reviews of major projects in** the public investment portfolio to inform future policies and procedures.
- **Consider options for enhancing PIM related Information Technology (IT) systems** to better interface with each other to facilitate monitoring and reporting needs.
- **Review the legal framework pertaining to PIM** to address gaps and weaknesses identified in the PIMA.

A summary of the recommendations is provided in Annex 1. Table 0.1 below provides a summary heatmap of the assessment of the individual institutions assessed in the PIMA.

Institutional design and Effectiveness	RATING		
	Low	Medium	High

Table 0.1. Poland: Summary Assessment

Phase/Institution			Strength	Effectiveness	Rec. #	Reform Priority
A. Planning	1	Fiscal principles or rules	**High**: Debt and expenditure ceilings with broad coverage and automatic correction mechanism.	**Medium**: Limited project data in medium-term fiscal framework. Large share of capital spending carried out by EBEs.		
	2	National and sectoral plans	**High:** National strategies and sectorial plans include indicative costing, output targets and outcome indicators, with varying quality.	**Medium:** Sectorial plans for key sectors up to 25% higher than budget. No formal mechanism to monitor output or outcomes.		
	3	Coordination between entities	**Medium:** No formal discussion with CG of capital spending plans by SNGs. Capital transfers not fully ruled-based which create uncertainty.	**Medium:** Above 25% of SNGs investments with EU financing, subjected to coordination with CG.	1	
	4	Project appraisal	**Medium:** Projects not funded by donors are not subject to a standard appraisal methodology. No central support for project appraisal.	**Medium**: Large share of EU funded projects that are subject to rigorous appraisal process and methodology.	2	Medium
	5	Alternative infrastructure financing	**Medium:** Infrastructure markets opened to competition, independent regulators. PPP strategy and guidelines published.	**Medium:** PCs dominant role in key infrastructure markets reduce competition. No central monitoring of PCs' investments or financial performance.	3	Medium
B. Allocation	6	Multi-year budgeting	**Medium:** 3-year capital spending projections, with indicative multi-annual ceilings. Total construction cost not published.	**Medium:** Large deviations between budget appropriations and execution in key infrastructure sectors (e.g., railway 35%)		Medium
	7	Budget comprehensiveness and unity	**Low:** Large capital spending carried out by EBE with partial legislative authorization. Projects of PCs and PPPs not in budget documentation	**Medium:** Partial information provided in budget documents, highly aggregated and not transparent.	4	High
	8	Budgeting for investment	**Medium:** Capital project outlays appropriated annually.	**High:** Appropriations of multi-annual programs cannot be used for other purposes without approval of Council of Ministries. Clear carryover provisions.		
	9	Maintenance funding	**Medium:** Road sector has standard methodology, includes maintenance needs and costs in sectorial plans. No similar practices identified in other sectors.	**Low:** Road sector methodology not applied consistently by SNGs due to inadequate funding. 40% of national road network in unsatisfactory or poor conditions.	5	High
	10	Project selection	**Low:** No central review, no standard project selection procedures. No single pipeline of appraised projects.	**Low:** Sectorial pipelines exist for EU funded projects.	6	High
C. Implementation	11	Procurement	**High**: Procurement process is open and transparent. Complaints reviewed by independent body.	**Medium**: Decentralized procurement market, with large exemptions.	7	
	12	Availability of funding	**High:** Cash flow forecast updated monthly and daily. Cash release on time. Donor funding fully integrated.	**High**: No cash shortages reported over the last three years.		
	13	Portfolio management and oversight	**Low:** Project managed individually. No systematic ex-post project reviews.	**Medium:** Some ex-post reviews done, but no formal mechanism to feed into policy design.	8	High
	14	Project implementation	**Medium:** PFM Act requires in general effective management of all resources at entity level. No standardized rules for project adjustments.	**Medium:** No standard guidelines for project implementation. Only some major infrastructure projects subject to ex-post audits.	9	High
	15	Management of public assets	**High:** Regular reporting of asset conditions. Nonfinancial assets recorded in annual financial statement, including depreciation.	**High:** Nonfinancial assets reported at book value with disclosures of market values.		

I. TRENDS IN PUBLIC INVESTMENT

A. Trends in Public Investment and Stock of Capital in Poland[2]

1. **Poland's total investment has been broadly stable over the last decade, with public investment contributing with about one fifth of total investment.** Total investment peaked at the end of the 1990s at close to 25 percent of GDP and has stabilized at 19 percent of GDP on average in the last decade (Figure 1.1). In this period, public investment accounted for 4.6 percent of GDP on average but remained volatile. The large acceleration in public investment observed in the early 2000s, after Poland's EU accession, allowed for the increase in the public capital stock observed in the following years, stabilizing at 42 percent of GDP, on average, despite relatively lower investment spending since 2011 (Figure 1.2).[3]

Figure 1.1. Total Investment
(% GDP)

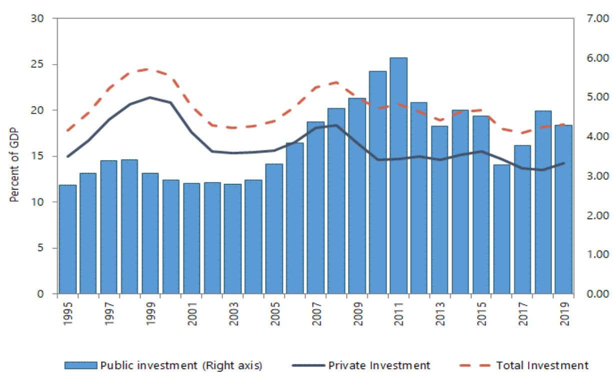
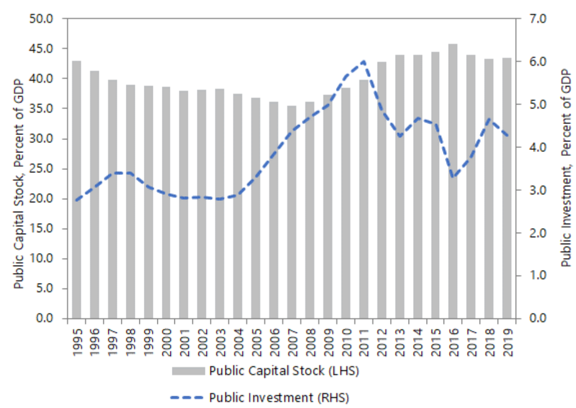


Figure 1.2. Public Investment and Capital Stock
(% GDP)



Sources: Staff estimations based on official data. Investment corresponds to the Systems of National Account definition of net domestic fixed capital formation.

2. **In the last decade, public investment expenditures in Poland have been similar to those observed in Emerging and Developing Europe (EDE),[4] despite a lower capital stock per capita.** Poland's public investment rates as a percentage of GDP converged to the rates in

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[2] The PIMA framework focuses on the management of physical infrastructure and on capital spending to acquire a physical asset or to extend the usable life of a physical asset. The PIMA definition of capital spending is broadly equivalent to acquisition of nonfinancial assets as defined in the 2014 Government Finance Statistics Manual (the GFSM 2014). Some countries use the term development spending rather than capital spending in their budgets, to include other forms of spending with long-term impacts. Other countries may use the term capital spending, but with a definition that is different from the GFSM 2014 and PIMA definition. In such cases, the PIMA analysis will focus on those components that fall within the PIMA definition of capital spending.

[3] The methodology to calculate the public sector capital stock is available in https://infrastructuregovern.imf.org/content/PIMA/Home/PimaTool.html

[4] The EDE group includes the following countries: Hungary, Poland; Belarus, Moldova, Russia, Ukraine; Bulgaria, Croatia, Romania, Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia, and Turkey.

EDE only in the last decade (Figure 1.3). Before 2010, public investment rates had been consistently lower than its peers, contributing to a lower public capital stock per capita compared to many of its regional peers (Figure 1.4).[5]

Figure 1.3. Public Investment Comparison
(% GDP)

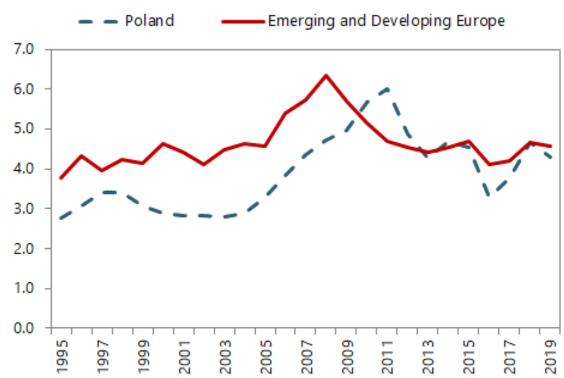
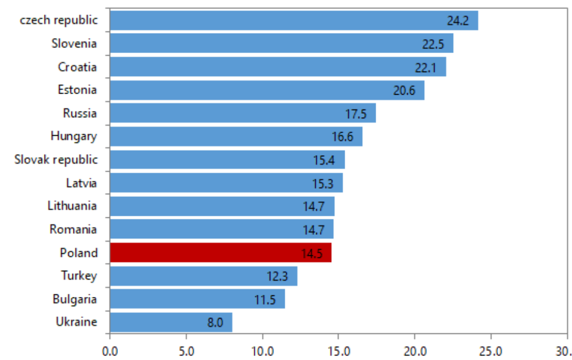


Figure 1.4. Public Capital Stock per Capita
(2017 PPP$-adjusted, thousands)



Sources: Staff estimations based on official data.

3. Over the last 10 years, the share of public resources allocated to public investment remained largely stable despite significant consolidation efforts. Between 2010 and 2016, fiscal consolidation efforts were driven by declining general government expenditures, from 46 percent of GDP to 41 percent of GDP (Figure 1.5), yet the share of expenditures allocated to public investment remained broadly stable (Figure 1.6). Since 2016, continued deficit reduction was led by tax reforms and revenue increases while public debt steadily declined.

Figure 1.5. General Government Fiscal Balance, Total Revenues and Expenditures (% GDP)

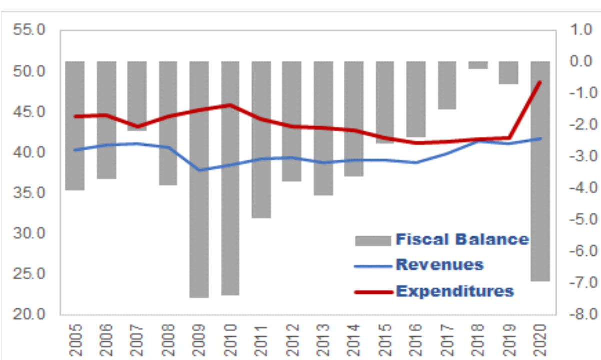
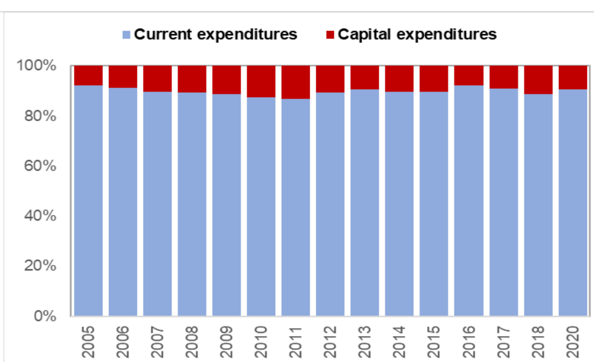


Figure 1.6. Composition of General Government Total Expenditures (Percentage of total)



Sources: Staff estimations based on official data.

[5] The regional peers are the CESEE (Central, Eastern, and Southeast Europe) countries, which include: Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovak Republic, Slovenia, Turkey, and Ukraine

4. **Public investment has been somewhat procyclical.** Despite a stable share of investment spending in total government expenditures, annual changes in public investment have broadly moved in the same direction as GDP (Figure 1.7). This procyclicality is at the same time broadly correlated with annual changes in the net inflows of EU funds since Poland joined the EU in 2004 (Figure 1.8).

Figure 1.7. Public Investment Cyclicality
(% real change)

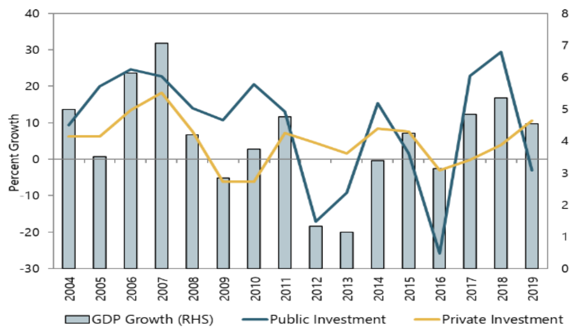
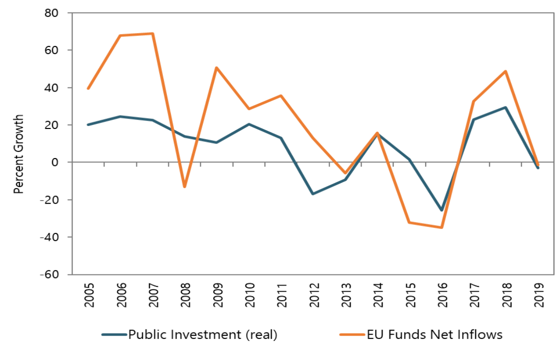


Figure 1.8. Public Investment and EU Funds Inflows (Percentage changel)



Sources: Staff estimations based on official data.

5. **Although the overall financing structure of public investment is not fully observable due to data gaps, the role of EU funds is significant.** Over the last five years during the 2014–20 EU Multi-annual Framework, Poland was the single largest recipient of European Structural and Investment Funds (ESIF) by a significant margin (Figure 1.9). Over 90 billion euros in planned investments over that period and through 2023 has been allocated to Poland, or 1.9 times the next largest recipient (Italy). Through the third quarter of 2021, Poland has spent 68 percent of those funds, higher than the 61 percent average for the rest of the EU. For the ESIF funds allocated to physical investment, however, Poland's absorption rate was slightly lower at 60 percent of planned physical investments, compared to 71 percent for other spending (Figure 1.10).

Figure 1.9. Absorption of 2014–20 ESIF Funds
(2021, Billions of Euros)

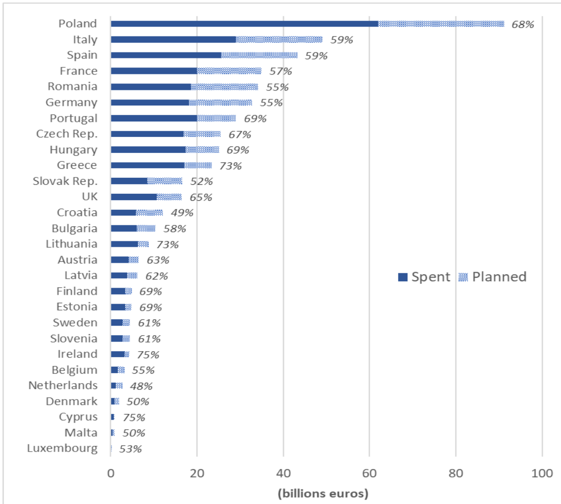
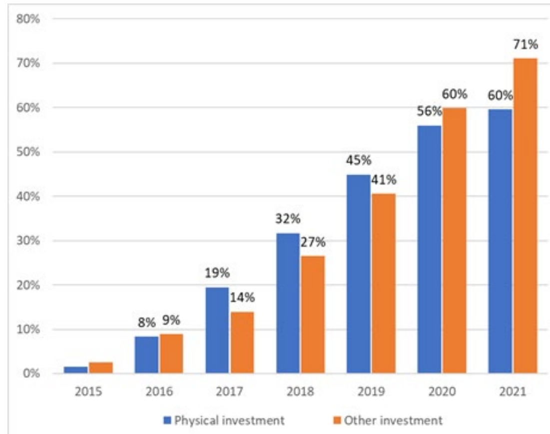


Figure 1.10. Poland: Absorption of 2014–20 ESIF Funds (% of EU planned amounts)



Sources: Staff estimations based on official data.
Physical investment comprises EU funding for network infrastructures for transport and energy, and ERDF investments classified as physical investments.

6. The use of Public-Private-Partnerships (PPPs) in Poland are relatively low by value and mostly implemented by SNGs. By the end of the second quarter of 2021, there were 158 signed PPP contracts accounting for PLN 8.3 billion (about 0.4 percent of GDP), with 91 percent of them implemented by SNGs. PPPs are concentrated both in number and size in water and waste-management, transport, and telecom sectors (Figure 1.11). The granularity of the PPP portfolio is high with only 4 projects with a value above PLN 500 million (Figure 1.12).

Figure 1.11. PPPs Number and Value of Projects by Economic Sectors

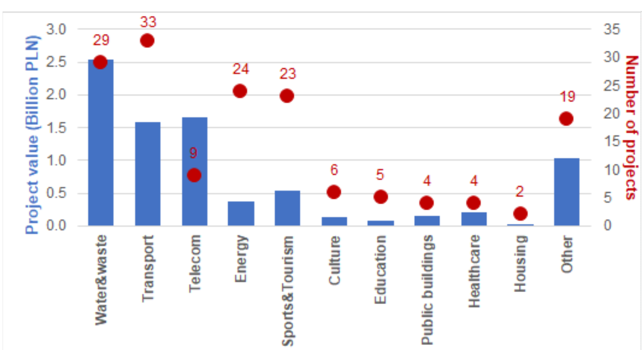
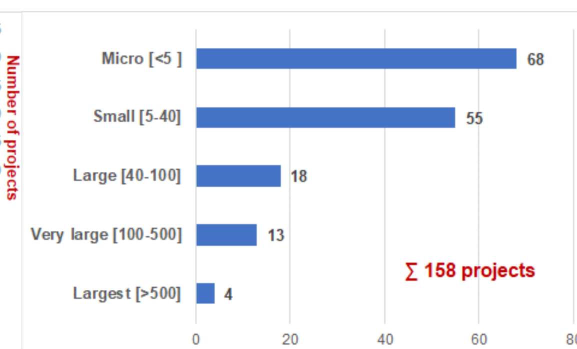


Figure 1.12. Number of PPPs by Project Value, as of Second Quarter 2021 (PLN million)

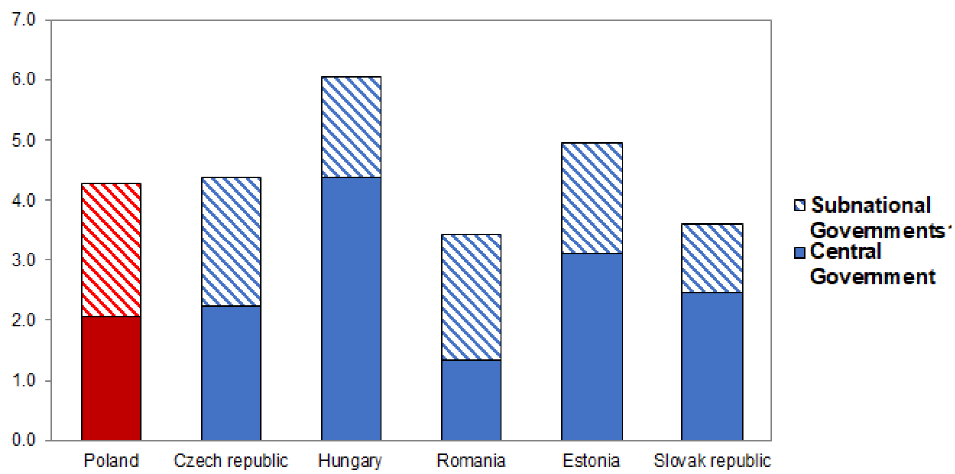


Sources: Staff estimations based on FAD database and official data.

B. Composition and Financing of Public Investments

7. At the general government level, half of capital investment in Poland is carried out by SNGs. Similar to peer countries, general government investment is evenly split between central government and SNGs (Figure 1.13). At the central level, this includes the state budget and extrabudgetary funds, notably the National Road Fund. At the subnational level, it covers regional and local governments (LGs), which include a large number of LG entities responsible for carrying out public investment projects all across Poland. SNGs are responsible for a significant portion of infrastructure development in Poland including local roads, bridges, utilities (waste management, energy), municipal housing, education, health, and environmental protection.

Figure 1.13. General Government Capital Expenditures by Level of Government (% GDP, 2019)



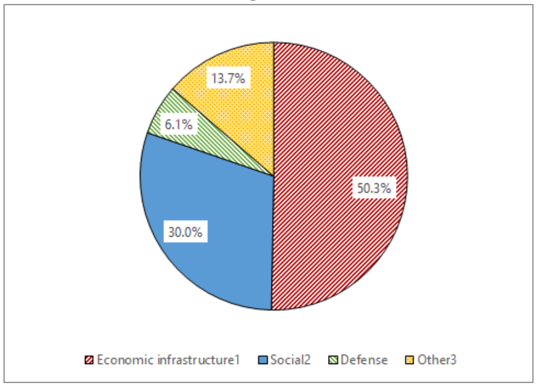
Source: Staff estimations based on official data.

8. About half of Poland's general government investment is devoted to economic infrastructure (Figure 1.14a). The latter refers to the provision of infrastructure assets in the form of roads, bridges, airports, dams, etc. Capital expenditures in social infrastructure (e.g., schools, hospitals) represent about 30 percent of total capital expenditures. The composition of general government capital investment is in line with that observed in emerging and developing Europe (Figure 1.14b).

Figure 1.14. Composition of General Government Total Expenditures by Function

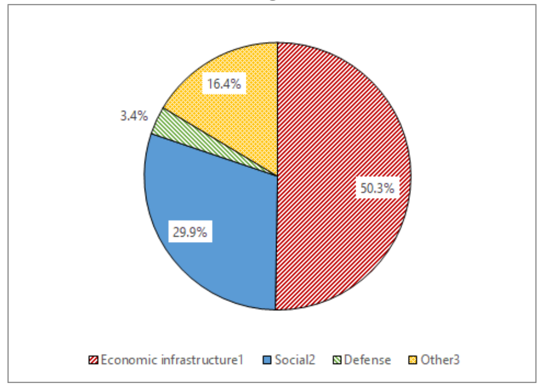
(a)Poland

(Percentage of total)



(b)Emerging and Developing Europe

(Percentage of total)



Sources: Staff estimations based on official data.

1/ Economic infrastructure includes roads, bridges, airports, dams, etc.

2/ Social infrastructure includes hospitals, schools, social housing, recreation, and culture.

3/ Other infrastructure assets include economic affairs, public order, social protection, general services, and environmental protection.

9. **Private participation in the provision of infrastructure assets has been limited so far compared with peer countries (Figure 1.15).** As noted, Poland has made limited use of PPPs, with an estimated capital stock of PPPs accounting for 0.6 percent of GDP by end-2019, compared to an average of about 3.0 percent of GDP for EDE (Figure 1.16).

Figure 1.15. PPP Capital Stock, Comparison with Peers (1995–2019, % of GDP)

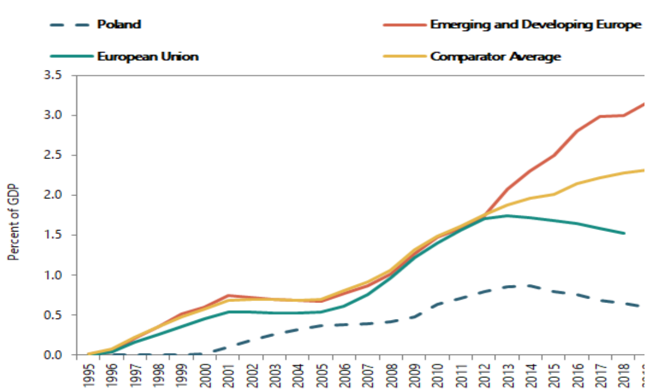
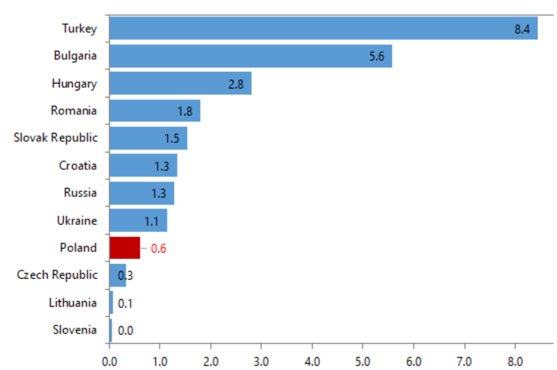


Figure 1.16. PPP Capital Stock, Comparison with Peers, 2019 (% of GDP)



Sources: Staff estimations based on official data.

II. EFFICIENCY OF PUBLIC INVESTMENT

10. The perception of quality of infrastructure in Poland has gradually improved in the last decade. According to the World Economic Forum's regular surveys the quality of infrastructure has gradually improved in all the subcomponents, with roads, air transport, and railways being the main drivers explaining improvements in the overall perception of infrastructure quality (Figure 2.1). While still below the average of regional peers, Poland has surpassed EDE countries in terms of the perception of quality of infrastructure (Figure 2.2).

Figure 2.1. Perception of Quality in Infrastructure, Components for Poland

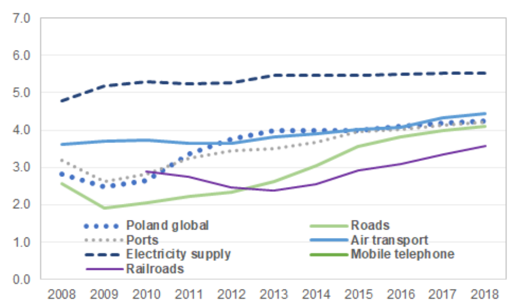
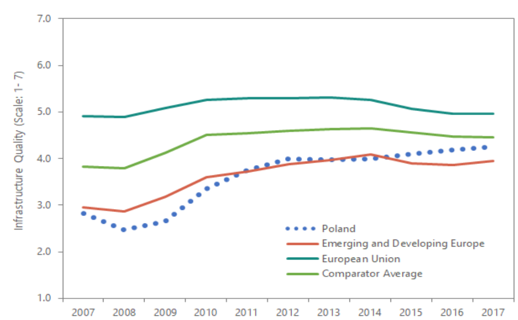


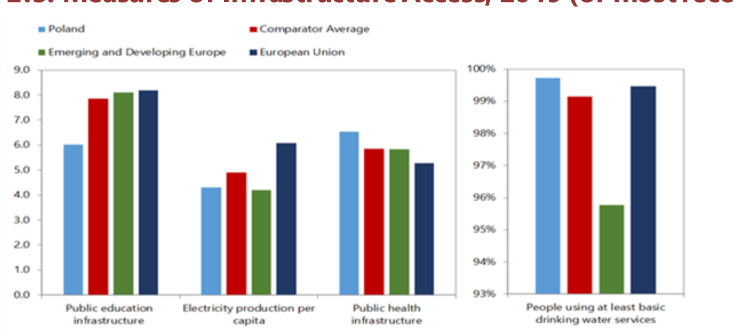
Figure 2.2. Perception of Quality in Infrastructure, Comparison with Peers



Sources: World Economic Forum Global Competitiveness Index, and staff estimations.

11. Physical measures of access to public infrastructure and service delivery suggest that Poland still lags in some sectors. Based on a set of quantitative indicators, Poland performs relatively well compared to regional peers and EU countries in infrastructure in social sectors (e.g., access to water and public health), but there are gaps relative to peers in electricity generation and education (Figure 2.3).

Figure 2.3. Measures of Infrastructure Access, 2019 (or most recent year)

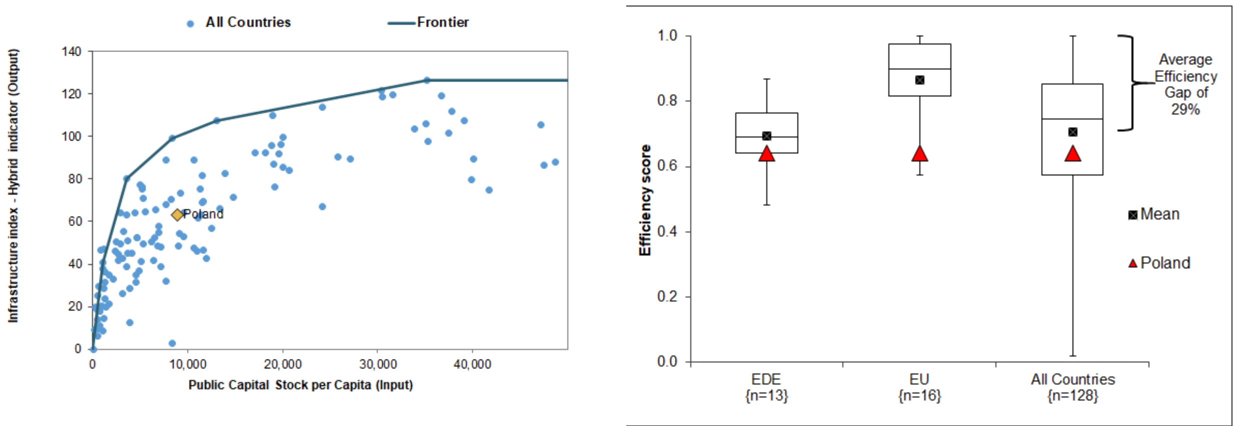


Sources: World development Indicators, staff estimations.
Comparator countries refers to regional peers (CESEE countries).
Note: Units vary to fit scale. Left scale: Public education infrastructure is measured as secondary teachers per 1,000 persons; electricity production per capita as thousands of kilowatt-hours per person; public health infrastructure as hospital beds per 1,000 persons. Right scale: access to treated water is measured as a percentage of the population.

12. There is scope to improve Poland's PIM framework to increase the efficiency of public infrastructure investment. Based on the IMF methodology,[6] the estimated efficiency gap between Poland and the most efficient countries with comparable levels of public capital stock per capita is 36 percent, higher than the average efficiency gap for EU countries of 13 percent and slightly below to the average of EDE (Figure 2.4). These results suggest that about one third of public investment spending did not result in the increase in the level or quality of infrastructure that would have been achieved by the most efficient country.

Figure 2.4. Efficiency Frontier and Gap—Quality of Infrastructure

(a) Efficiency Frontier **(b) Efficiency Gap**



Sources: Staff estimations, based on hybrid indicator.

III. PUBLIC INVESTMENT MANAGEMENT INSTITUTIONS

A. The PIMA Framework

13. The IMF has developed the Public Investment Management Assessment (PIMA) framework to assess the quality of the PIM of a country. It identifies the strengths and weaknesses of institutions and is accompanied by practical recommendations to strengthen them and increase the efficiency of public investment.

[6] Efficiency of public investment is defined as the relationship between the value of the public capital stock and a "hybrid index" of measures of coverages and quality and quantity of infrastructure assets. The methodology is detailed in the 2015 IMF policy paper "Making Public Investment More Efficient". A "frontier" is estimated, consisting of the countries achieving the highest "output" (i.e., quality and access of infrastructure) per unit of "input" (capital stock for similar income level). Using a consistent set of data, the performance of a total of 128 countries is compared against the frontier.

14. The tool evaluates 15 "institutions" involved in the three major stages of the public investment cycle (Figure 3.1). These are: (i) planning of investment levels for all public-sector entities to ensure sustainable levels of public investment; (ii) allocation of investments to appropriate sectors and projects; and (iii) delivering productive and durable public assets.

Figure 3.1. PIMA Framework Diagram

Sources: *Public Investment Management Assessment: Review and Update*, April 2018, IMF.
http://www.imf.org/en/Publications/Policy-Papers/Issues/2018/05/10/pp042518public-investment-management-assessment-review-and-update

15. For each of these 15 institutions, three indicators are analyzed and scored, according to a scale that determines whether the criterion is met in full, in part, or not met (see Annex 2 for the PIMA Questionnaire). Each dimension is scored on three aspects: institutional design, effectiveness, and reform priority:

- Institutional design refers to the objective facts indicating that appropriate organizations, policies, rules and procedures are in place. The average score of the institutional design of three dimensions provides the score for the institution, which may be high, medium, or low.

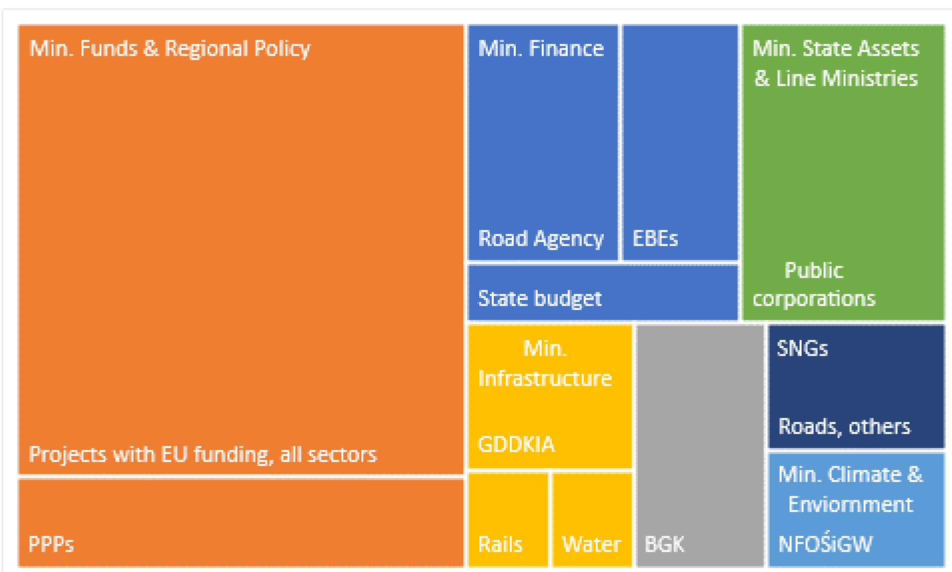
- Effectiveness refers to the degree to which the intended purpose is being achieved or there is a clear useful impact. The average score of the effectiveness of the three dimensions provides the effectiveness score for the institution, which may be high, medium, or low.
- Reform priority refers to whether the issues contained within the institution are important to be improved in the specific conditions faced by Poland.

The following sections provide the detailed assessment for Poland according to this methodology.

B. Overall Assessment

16. Infrastructure governance in Poland is complex, involving an extensive web of public entities with different and potentially overlapping roles (Figure 3.2). The Ministry of Development Funds and Regional Policy plays a key role in identifying, assessing, and monitoring investment projects in those economic sectors that fulfill the requirements to receive EU funding. It is also the promoter of PPPs, regardless of whether they are co-financed or not with EU funds. Line ministries, such as the Ministry of Infrastructure and the Ministry of Climate and Environment, promote and monitor investment projects in their sectors, many of which receive substantial EU support. Extra-budgetary entities also have a prominent role in the provision of infrastructure assets at the central government level, making use of various funding mechanisms outside the state budget (e.g., the National Road Fund and the National Fund for Environmental Protection and Water Management (NFOSiGW), among others). Similarly, SNGs carry out infrastructure projects in their jurisdictions, as well as PCs in the economic sectors where they operate, following different governance frameworks.

Figure 3.2. Main Public Entities Involved in Infrastructure



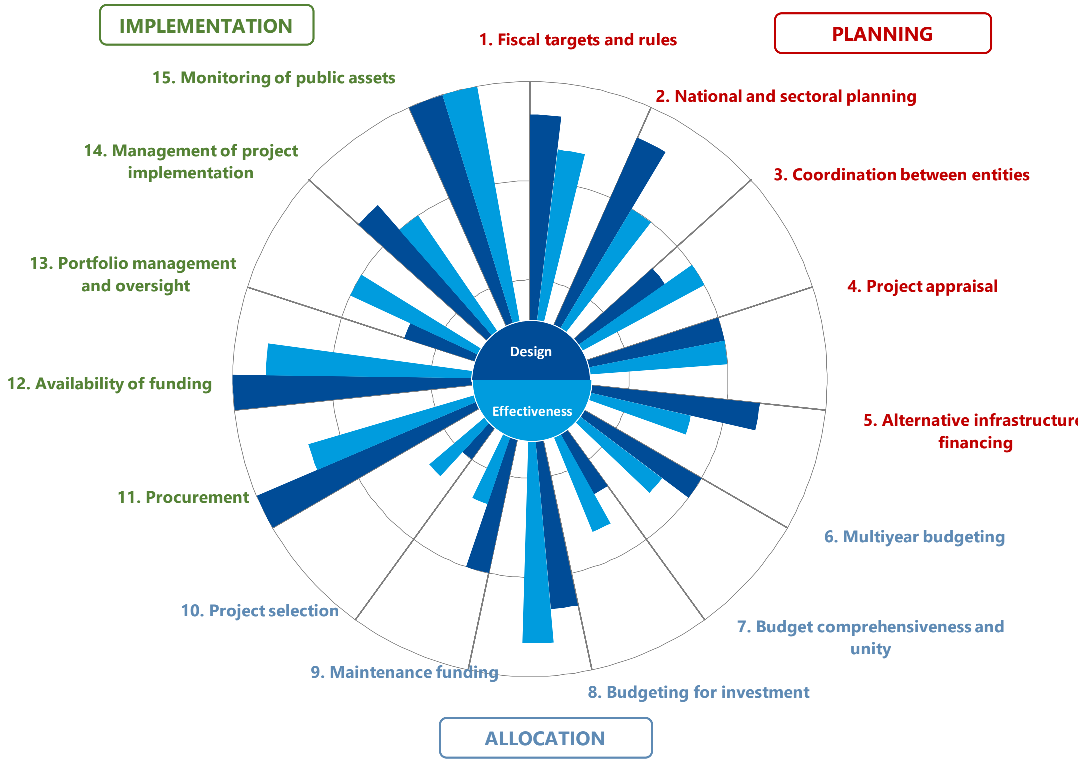
Source: IMF staff.

17. **Many institutions in Poland are well designed and effective in line with other advanced economies, but the complexity in infrastructure governance has led to a highly fragmented PIM framework.** Figure 3.3. summarizes the overall PIMA assessment for Poland. Poland has well-developed practices for national and sectoral planning; the procurement process is open and transparent; investment projects are appropriately funded; and nonfinancial assets—including depreciation—are reported in the government entities' financial statements. However, several challenges arise mainly linked to the existing fragmentation of the PIM framework, affecting all stages of the public investment cycle—planning, allocation, and implementation—both in terms of institutional design and effectiveness:

- At the **planning** stage, capital investment plans of SNGs are not formally discussed with central government unless they require financing from the State Budget or EU funds. Monitoring of the financial performance and investment plans of PCs, which dominates many of the key infrastructure markets in Poland, is limited and fragmented, and PPPs are not fully integrated in the government's medium-term investment plans.
- At the **allocation** stage, a large share of capital spending is being executed outside the State Budget, and there is no single project pipeline of appraised projects ready for budget allocation, regardless of source of funding. There is also an absence of standard methodologies and clear guidelines for estimating maintenance needs and costs for main asset classes, except in the national road network.
- At the **implementation** stage, multiple implementing agencies are responsible for managing major investment projects that fall under their competencies, but there is no consolidated information in one place on the implementation status of all major projects.

18. **Poland could benefit from developing a central monitoring function for major investment projects.** In recent years, several advanced economies have set up central monitoring functions to improve the efficiency and effectiveness of public investment. The idea is not to duplicate functions that are performed at a ministry level. Rather, it would facilitate information gathering and sharing to inform and feed into the existing long-term strategies for national infrastructure planning, considering implementation challenges, network effects, and economic interdependencies. The specific institutional arrangements vary across countries (Box 3.1.)

Figure 3.3. Design and Effectiveness of Public Investment Management Institutions



Source: IMF staff calculations based on PIMA reports (2015-2021).

Box 3.1. Examples of Central Public Investment Management (PIM) Units

PIM units play a leading role in many countries around the world regarding development and operation of a strong PIM system. Common tasks of central PIM units in different countries include:

- Strengthening the PIM institutional framework, including improving the legal framework supporting PIM.
- Developing standardized methodologies and guidelines for project preparation, appraisal, selection, implementation monitoring, and ex-post evaluation.
- Determining parameters for economic appraisal of projects, including the economic (social) discount rate, value of time, shadow prices of main inputs including labor, and valuing changes in emissions of GHG.
- Providing support to sector Ministries, Departments and Agencies (MDAs) regarding project appraisal, be it by providing sector specific guidelines or by direct assistance to budget users and extra budgetary entities (EBEs).
- Organizing trainings on project appraisal and selection, and ex-post evaluation. Sometimes also on project implementation management. Trainings can be done by the PIM unit or in agreements with universities or other training providers, including IFIs.
- Review of appraisal studies of major capital investment projects to guarantee quality of the studies done and recommend improvements if necessary.
- Issuing recommendation regarding future steps of projects, for example regarding the need of considering project alternatives, undertaking additional studies, discarding the projects, or postponing its implementation.
- Creation and management of a single project pipeline and providing support to users.

Box 3.1. Examples of Central Public Investment Management (PIM) Units (Concluded)

- Some PIM Units are also in charge of monitoring project and portfolio implementation and reporting to government authorities or parliament.

Some examples of PIM units in different countries include:

- In the United Kingdom, a National Infrastructure Commission was established in 2015 to review the country's infrastructure needs and provide advisory services to government agencies. A separate unit was created in 2019, the Infrastructure and Projects Authority (IPA), to monitor progress in implementing major projects. It is part of the Treasury.
- The National Development Finance Agency of Ireland which provides financial advice to State authorities in respect of those public investment projects which are referred to it, with a capital value over €75million. It also procures and delivers Public Private Partnership (PPP) projects as requested by State authorities and provides contract management and support services in respect of the operation and maintenance of certain existing PPP facilities.
- Infrastructure Australia, is responsible for conducting strategic audits of nationally significant infrastructure projects and developing 15-year rolling infrastructure plans that specify national and state priorities. The agency also determines which nationally significant projects are included in Australia's Infrastructure Priority List. It enjoys operational independence from the executive by law.
- In New Zealand, the Infrastructure Transactions Unit Te Waihanga key role is to support government agencies, local authorities, and others to procure and deliver major infrastructure projects. It provides best practice guidance and advice on infrastructure procurement and delivery, including best practice procurement processes and documentation for major infrastructure projects. Te Waihanga also has specialist expertise in alternative financing models, including public private partnerships.
- The Investment Department of the Under-Secretariat of Social Evaluation in Chile, responsible for evaluating investment initiatives that request State financing, to determine their social profitability, ensuring the effectiveness and efficiency of the use of public funds, so that they respond to the strategies and policies of growth and economic development.
- The National Directorate of Public Investment of the MoF of Angola is responsible for preparing, in conjunction with the bodies of the State's Central and Local Administration and other budgeted bodies, the Public Investment Program.

Source: IMF staff.

19. The following sections provide a detailed assessment of Poland's PIM institutions. Each institution is given an aggregate score for institutional design and for effectiveness as shown in Figure 3.3. The following three sections of this chapter present supporting evidence for these ratings.

C. Investment Planning

1. Fiscal Principles or Rules (Strength— High; Effectiveness—Medium)

20. Poland has a strong fiscal anchor to support fiscal sustainability. Article 216 of the Constitution stipulates that loans may not be contracted, and guarantees not issued, if this would lead to public debt exceeding 60 percent of GDP.[7] Moreover, Articles 86 and 87 of the Public Finance Act (PFA) include comprehensive precautionary and remedial procedures if public debt exceeds 55 percent of GDP.[8] There are additional restrictions on SNGs debt, which are applied to individual SNGs authorities including municipal councils, county councils, regional councils and local government units.[9] While debt related to public investment is included in the debt limits, there are some exemptions in the precautionary and remedial procedures related to public investment, notably investments co-financed by the EU (PFA, Article 86). Public debt levels have generally been within the limits over the last decade (Figure 3.4a).

21. The fiscal anchor is supported by comprehensive operational fiscal rules. These distinguishes between EU rules and national rules, with the latter being designed to comply with the former. The EU rules[10] include a debt limit of 60 percent of GDP, a deficit limit of 3 percent of GDP, and a structural balance rule (medium-term objective—MTO), which for Poland stands at a structural deficit of 1 percent of GDP. The main operational rule is the national stabilizing expenditure rule (SER), which is set out in Article 112aa of the PFA and aims to stabilize the fiscal deficit at the MTO.[11] It comprises a non-binding part, which currently applies to around 90 percent of general government spending, and a binding part (around 70 percent of general government spending), which excludes SNGs.[12] The SER also encompasses automatic correction

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[7] Article 74 of the PFA delineates public debt as debt of PFS entities, which roughly corresponds to the general government and include, *inter alia*, central government entities, SNGs, executive agencies, state special purpose funds, and social insurance funds. Some debt figures, which are included in general government debt reporting to the EU and the IMF, are excluded from the national definition of public debt, including funds formed within the BGK, PCs that are deemed non-marketable, and the Bank Guarantee Fund.

[8] These include, *inter alia*, a requirement for the CoM to submit a remedial program to the Sejm, which envisage a reduction in the debt to GDP ratio; limitations on salary and pension increases; and limitations on SNGs spending.

[9] The so-called Debt Repayment Limit stipulates that repayment of credit and loan installments and debt service for a given financial year may not exceed the average operating surplus (calculated as the difference between current income and current expenditure) to the current income of the local government budget. The average is calculated over a 3-year period. Some changes are to be introduced from 2022.

[10] The EU fiscal framework is set out in the Treaty on the Functioning of the European Union (TFEU) and subsequent protocols and regulations, notably the Stability and Growth Pact (1997); the Six-Pack (2011); and the Fiscal Compact and Two-Pack (2013).

[11] While rather complex in design, the SER basically sets a government spending path in line with trend GDP growth adjusted for discretionary fiscal measures.

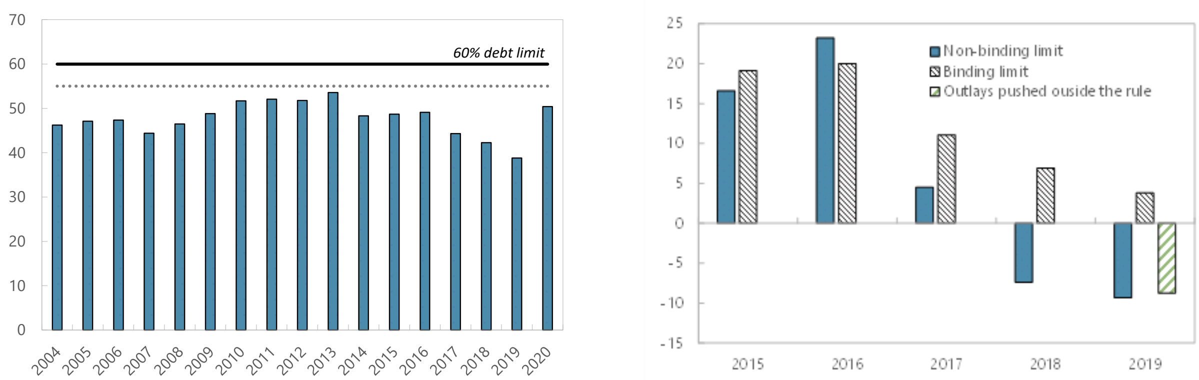
[12] Starting in 2022 all special purpose funds are included in the stabilizing expenditure rule – amendment of the Public Finance Act passed in August 2021.

mechanisms when deficits and debt levels are above certain thresholds. While capital spending is included in the SER, expenditures financed by EU funds are omitted from the ceilings. Since its introduction in 2015, performance under the SER have been mixed (Figure 3.4b).[13] While the binding ceiling has generally been observed, the non-binding ceiling have been breached on some occasions, and some expenditures were moved to extrabudgetary entities to comply with the binding ceiling. Nonetheless, the SER have so far imposed a consolidations bias.[14] The SER was suspended in 2020 due to COVID-19.

Figure 3.4. Compliance with Fiscal Rules

(a) Public Debt (% of GDP)

(b) Difference between SER limits and actual spending (PLN billion)



Source: Ministry of Finance

Source: IMF Staff Report for 2020 Article IV Consultation for Poland.

22. Additional fiscal rules apply to the SNG sector. Notably, these include the Current Budget Offsetting rule, in which planned current expenditures may not exceed planned current revenues plus the budget surplus of previous years.

23. A medium-term fiscal framework (MTFF) is embedded in the annual Convergence Programme Updates. Articles 103 and 104 of the PFA stipulate the requirement for a Multi-annual Financial Plan to be drawn up in the Convergence Programme in compliance with EU fiscal legislation and guidelines. It contains the macroeconomic outlook, medium-term fiscal prospects and scenarios, planned discretionary measures, and projected fiscal aggregates four years ahead. It includes a high-level narrative on capital spending and medium-term projections of capital spending and other expenditure components but does not distinguish between ongoing and new projects. According to Article 105 of the PFA, the Multi-annual Financial Plan shall constitute the basis for the draft budget law for the following financial year. The medium-term projections have generally been a good predictor of actual capital spending—during 2018-2020, actual capital spending deviated by less than 10 percent from the projections in the Convergence Programme (Table 3.1).

[13] See IMF Staff Report for the 2020 Article IV Consultation, Annex IV.

[14] Ibid.

Table 3.1. Poland: Projected Multiyear Capital Spending versus Actual Capital Spending

Investment plans in:	2017	2018	2019	2020	2021	2022
2016 Convergence Programme	4.6	4.8	4.7			
2017 Convergence Programme		5.0	4.9	4.2		
2018 Convergence Programme			4.6	4.3	3.9	
2019 Convergence Programme				4.8	4.4	4.3
Actual investment	3.9	4.8	4.4	4.7		

Sources: 2016-2019 Convergence Programs; and Eurostat.
Investment refers to gross fixed capital formation.

2. National and Sectoral Plans (Strength—High; Effectiveness—Medium)

24. Poland's planning framework is based on various strategic documents flowing from the government's political vision and international commitments (Box 3.2). The framework consists of an overarching national strategy supported by a number of sectoral strategies. The sectoral strategies cover both domestic and EU funds, as well as potential borrowing from lenders such as the European Investment Bank, the European bank for Reconstruction and Development, and the International Bank for Reconstruction and Development. Strategies are operationalized through multi-annual programs adopted by the Council of Ministers (CoM), which identify individual investment projects where these are required. The multi-annual programs define the multi-annual financing program which is then reflected in the annual budget documents. Sectoral strategies and multi-annual programs cover both government entities and PCs, and also the private sector in some cases. The financing covers all sources, not just the State Budget.

25. Poland's planning framework is well aligned with the EU's planning framework and funding cycle from which it receives a sizeable contribution. Poland' planning framework was developed in the context of the EU 2014-2020 Structural and Investment Funds and has been maintained for the next EU funding cycle, which is expected to be completed by 2030. Despite the sizeable funds involved, Poland has had one of the highest absorption rates among EU member countries (see Section I), which points to an effective planning system in this regard.

Box 3.2. National and Sectoral Planning

National Strategy: Strategy for Responsible Development 2020 with perspective to 2030. Adopted by CoM in February 2017, sets out three strategic objectives: sustainable growth; socially sensitive and territorially sustainable development; and effective state and economic institutions.
It is therefore a broad policy document with limited specification of major projects and costs.

Main Sectoral Strategies:

- Energy Policy of Poland until 2040
- National Environmental Policy 2030
- Human Capital Development Strategy to 2030
- Social Capital Development Strategy to 2030
- National Regional Development Strategy to 2030
- Sustainable Rural Development, Agriculture and Fisheries Strategy to 2030
- Sustainable Transport Development to 2030

Strategies vary from relatively high-level policy documents with limited information on specific projects to more precise programs which identify costs, sources of funds, and strategic projects to be implemented, along with the output indicators needed to track physical progress. Other more specifically targeted policies and strategies have also been developed, generally with the same time horizon, and with varying degrees of specificity. The sectoral strategies are closely aligned with the EU planning framework for Structural and Investment Funds provided to member states.

Multi-annual Programs:
These programs operationalize the sector strategies with formal approval by the CoM. They identify the financing plan over the period, covering State Budget and EU structural funds, extra-budgetary funds, and other resources, including borrowing. They also provide lists of projects with their respective costs. See further discussion under Institution 6.

Source: Poland MoF, MDFRP, Chancellery, Official Gazette, and government websites

26. **The sectoral strategies that focus on infrastructure investment, such as the transport sectors, include detailed financing tables and costing of projects.**[15] Sectoral strategies with a more limited focus on investment provide fewer details on costs and financing, unless a multi-annual program is required to cover State Budget costs. The multi-annual programs for the transport sector provide quite effective ceilings for the annual budgets,[16] and there appears to be generally moderate differences between plans and budget allocations—budget allocations tend to be somewhat lower than the limits in the multi-annual plans.

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[15] The financing table of the National Roads Strategy identifies three main sources of funds—State Budget, EU funds, and the National Road Fund—and present a financial plan for the period 2014-2023 broken down by years. The National Roads Strategy also includes the full list of roads to be constructed over the period, with a total cost for each road. The National Railways Strategy has a similar structure and level of detail.

[16] For example, the total allocations for National Roads Program reflected in budget documents have averaged around 86 percent of planned amounts over the last 4 years, while those for the National Railways Program fully reflect the plan value set by the previous year's CoM decision, but 10 percent above current year decision. Data was not available regarding investments not reflected in the multi-annual plans.

27. Sectoral strategies include objectives and measurable targets, with key output targets included in the annual budget document related to operational programs. The annual budget document sets out the key output target for each multi-annual program for each of the three projection years, while the State Budget execution report indicates the realization for the budget year. The strategic project monitoring office (PMO) at the Prime Minister's Office is tracking a broader range of indicators within its monitoring framework for strategic programs but reports from this tracking are only available within the PMO (see under Institution 13). Sector ministries monitor implementation of their strategies and prepare annual implementation reports, some of which are posted on their websites. However, there is limited evidence that systematic and extensive use is made of the performance data.

3. Coordination between Entities (Strength— Medium; Effectiveness—Medium)

28. There is no institutional requirement for specifically sharing and coordination of capital spending plans between central government and SNGs. In accordance with the requirements of the Constitution set out in Art. 171, Sec. 1 and 2, the activities of local government are subject to supervision from the point of view of legality. The supervision authorities over the activities of local government units are the Prime Minister and voivods and in the field of financial matters, the Regional Chambers of Audit (RIOs) Beyond the legality and fiscal rules (see under Institution I),[17] SNGs are provided with a high level of autonomy to plan and implement their own investments, and there appear to be no formal coordination mechanisms in place. In practice, however, some coordination takes place in the context of allocation of special purpose transfers, including EU funds, the management of which are assigned to various central government institutions. These special purpose transfers are established under laws which prescribe the modalities by which they can be accessed, typically through application/competition.[18]

29. The Constitution empowers central government administrations at the regional level with administrative oversight responsibilities, some of which have a direct bearing on infrastructure investments. The Voivode, directly appointed to each region by the Prime Minister, heads the central government's local administration and reviews all SNG council decisions. Among the regional services for which the Voivode is responsible is the issuing of building permits within the region, which is essential to any infrastructure project that an SNG may embark on. The Voivode also represents the State Treasury at the regional level, effectively

[17] In accordance with constitutional requirements, the Regional Chambers of Audit (RIOs) perform among other things, the role of SNG fiscal rules gatekeepers. The RIOs discuss any divergences from the rules with the SNG and ask them to submit corrections. Once the RIO finds the budget compliant with the rules, the SNG may submit their budget to the SNG council.

[18] For the 2014-2020 ESIF funding cycle significant disbursements took place at both regional and local levels. ESIF funds provided at the regional level amounted to €36 billion. Of these, around €11 billion targets investment and provide funding for, among other things, regional and local roads, water supply systems, schools renovations, energy saving investments, and health service facilities.

making it the primary contact point between MoF and the SNGs. However, Voivodes do not seem to play a significant role in coordinating SNG investment plans within their region, or in coordinating these plans with central government investment.[19]

30. General grants from central government are rule-based while targeted transfers are usually provided on a competitive basis. SNG revenues are defined in the Local Government Finances Act, which sets out, inter alia, the formulae to be used for SNG personal and corporate income tax shares and to calculate the general grant for each of the three levels of SNGs. These grant amounts that are formula-based should be notified to SNGs within 21 days of the publication of the Budget Act.[20] The targeted transfers, which are subject to separate legal acts that govern how they are to be accessed, are usually provided on a competitive basis. Processing applications may take time, but the PFA requires the funds to be transferred in time to perform the tasks.[21] SNGs may also borrow for capital spending. Such borrowing can be either from the central government through a SNG loan fund administered by the Bank Gospodarstwa Krajowego (Polish Development Bank, BGK), or from other lenders, such as European investment Bank and European Bank for Reconstruction and Development, typically with a state guarantee. SNGs may borrow as long as they remain within their debt limit.

31. The MoF publishes an annual report on contingent liabilities on its website as part of its EU reporting obligations. The report covers state-guaranteed loans to SNGs and to State-owned PCs, as well as SNG guarantees to SNG PCs. However, the table does not list any contingent liabilities related to PPPs, which the MoF does not monitor (see also under Institution 5).[22]

4. Project Appraisal (Strength— Medium; Effectiveness—Medium)

32. There is no legal framework requiring major projects to be subject to project appraisal, although in practice project appraisal are often carried out. Most major investment projects are co-financed with EU funding and therefore subject to appraisal as required by the specific funding mechanism. All major road and railway projects are appraised using cost-benefit analysis, as well as all major energy projects implemented by Polska Grupa Energetyczna (PGE), TAURON Polska Energia, and ENEA.[23] Some of these appraisals are subject to

[19] It appears that the Voivods will be the main targets for the next cycle of EU funding (2022-2030). This will require closer coordination between Voivods and the two lower levels of SNGs to ensure equitable distribution of EU funds within each region.

[20] Article 148 of the PFA.

[21] Article 149 of the PFA.

[22] Monitoring of PPP is the responsibility of the Ministry of Development Funds and Regional Policy.

[23] See Investment Appraisal Practice in the Biggest Companies in Poland, Marcin Pawlak, Anna Rapacewicz and Dariusz Zarzecki, European Research Studies Journal Volume XXIII, Special Issue 2, 2020.

external independent review,[24] but the analyses are not publicly available. While it is expected that agencies apply the same procedures as for EU funded projects to projects fully financed from local funds, there is no regulation requiring it and no evidence it is done in practice for all projects. Also, there is neither central support for project development and for appraisals done by implementing agencies, nor efforts for standardization.

33. Methodologies exist for appraisal of EU funded capital projects, which could also be applied for locally funded projects. The EU's "Guide to Cost-Benefit Analysis of Investment Projects,"[25] published in June 2015, serves as a general methodology. Moreover, the "Guide to cost-benefit analysis of investment projects Structural Funds, the Cohesion Fund and the Pre-Accession Instrument"[26], published in 2008, includes a chapter outlining appraisal of projects in different sectors, including transport, water supply and sanitation, industry, energy and telecommunications, education, and health. Specific methodologies, known as Blue Books, were developed under the EU JASPERS program for road infrastructure, railway infrastructure, and public transport in cities, agglomerations, and regions.[27] These Blue Books include chapters on identification of project options, economic and financial appraisal, and risk assessment. They also include recommendations about the financial and economic discount rates to be used.[28] It is not clear, however, to what extent these methodologies are applied in practice, particularly for locally funded projects.

34. The methodologies include chapters on risk analysis. Potential project related risks to be analyzed include demand risks, design risks, administrative risks, land acquisition risks, procurement risks, risks during construction and operation, regulatory risks, financial risks, management risks and political risks. Qualitative risk analysis includes estimation of probability of occurrence and assessment of severity of impact for each identified risk. Identification of prevention, mitigation and remedial actions is suggested, as well as preparing a plan for risks monitoring. Estimation of fiscal risks created by a project is not addressed in any of the methodologies, but sensitivity analysis and scenario analysis can provide some insight into fiscal risks due to under performance of a project or cost overruns.

35. Strengthening arrangements for project appraisal would contribute to greater efficiency of capital investments. Appraisal mechanisms in place for EU funded projects should

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[24] For example, in the case of GDDKiA, by the Center for EU Transport Projects, Jaspers, and the Ministry of Development Funds and Regional Policy,

[25] https://www.funduszeeuropejskie.gov.pl/media/5594/Przewodnik_AKK_14_20.pdf

[26] https://www.cupt.gov.pl/archiwum/files/CUPT/beneficjenci/Przewodnik%20do%20analizy%20kosztow%20i%20korzysci%20projektow%20inwestycyjnych.pdf

[27] Updating Blue Books by JASPERS experts is currently underway in order to adapt them to the specifics of the new 2021–27 financial perspectives.

[28] In accordance with Implementing Regulation (EU) 2015/207 of 20 January 2015. For simplification, as a general rule, a social discount rate of 5 percent shall be used as a benchmark in Cohesion Member States, which include Poland.

be mandatory for all major budget funded projects. Moreover, a stepwise project appraisal procedure, where all projects are appraised at the profile level[29] before being included in investment plans, could help discarding of projects with low returns before being included in investment plans. Box 3.3 provides an example of the stepwise project appraisal process used in Chile.

Box 3.3. Stepwise Project Appraisal in Chile

The established procedures for selecting public investment projects in Chile require that the execution of any investment project must be preceded by the completion of one or more studies, depending on the complexity, costs and sector associated with the project. Less costly and complex projects—the threshold varies per sector—may proceed directly to execution, with the sponsoring institution providing a project profile following the corresponding project methodology. The following table presents the requisites for moving through the stages in the project life cycle.

<table>
<tr><th>Type of project</th><th>Study required to move to a more advanced stage in the project life cycle</th><th>Stage to which the project can apply</th></tr>
<tr><td>Low-cost project with standard pre-approved design or design developed</td><td>Profile</td><td>Execution</td></tr>
<tr><td rowspan="2">Low-cost project that must develop the design separately before execution.</td><td>Profile</td><td>Design</td></tr>
<tr><td>Design</td><td>Execution</td></tr>
<tr><td rowspan="4">High-cost or high-complexity project that due to its nature should develop the full life cycle.</td><td>Profile</td><td>Pre-feasibility</td></tr>
<tr><td>Pre-feasibility</td><td>Feasibility</td></tr>
<tr><td>Feasibility</td><td>Design</td></tr>
<tr><td>Design</td><td>Execution</td></tr>
<tr><td>Project with referential design (pre-design), which applies to the implementation stage, including cost of design.</td><td>Profile, Pre-feasibility or Feasibility (depending on cost and complexity)</td><td>Design and Execution</td></tr>
</table>

Source: Rules, Instructions and Procedures for the Process of Public Investment (NIP), Ministry of Social Development - MoF, May 2020 and Mission.

5. Alternative Infrastructure Financing (Strength— Medium; Effectiveness—Medium)

36. There has been increased competition in most economic sectors, but the main markets responsible for the provision of infrastructure are still dominated by PCs with majority shares owned by the government. Poland has gradually reformed national legal and institutional systems in main infrastructure markets in line with the EU regulations. Regulators exist in main infrastructure markets, with different levels of experience, independence, and interventions in the markets. A detailed annual report of the *Office of the Competition and Consumer Protection* (UOKIK) is available online describing the trends and measures taken in support of market liberalization. However, large shares of key infrastructure markets are

[29] Also known as project concept in some countries, it consists of a preliminary appraisal of a project with readily available data and usually prepared "in-house" by the sponsoring agency.

dominated by PCs, hindering competition.[30] The level of competition and independence of the regulators depends on each market and segment. Annex 3 includes a summary assessment.

37. Poland has a government policy and a robust legal and regulatory framework supporting PPPs. The *Government Policy for the Development of PPPs*, adopted by the CoM in 2017, aims at increasing the scale and effectiveness of PPP projects. The policy sets out the principles for implementing PPP projects and the roles and responsibilities of the relevant public and private institutions for developing and managing PPPs. It is consistent with the goals stated in the government's *Strategy for Responsible Development* and with the supporting legal framework covering the main economic sectors for infrastructure provision without significant exceptions.[31] [32] The Ministry of Development Funds and Regional Policy (MDFRP) performs the function of a central PPP unit carrying out advisory services to support implementing agencies, developing standards, guidelines, and related legislation, and providing opinion on the rationality of implementing a project as a PPP. The *PPP Guidelines* for project preparation, tender procedure, and project management were developed by the MDFRP in 2018 and 2019. The mandate of the MoF to assess fiscal sustainability of PPP projects is stated by law, but in practice is quite limited.

38. PPPs are not fully integrated in the budget process and reporting of their medium-term fiscal implications is limited. By law approval from the MoF is required before launching a PPP project to procurement only when funding from the state budget is above 100 million PLN. Therefore, PPPs that do not require immediate budget support are outside the scope of the MoF oversight function.[33] Long-term government commitments arising from PPPs are neither reported in budget documents nor are PPP related guarantees included in the public sector debt reports. Government financial statements and finance statistics are prepared following European System of National and Regional Accounts, 2010 (ESA 2010) guidelines, which typically exclude most PPPs from the government accounts.[34] Poland does not report data to Eurostat on the stock of liabilities related to PPPs recorded off-balance sheet of government. This is particularly relevant from a fiscal sustainability standpoint given that the government has a PPP project

[30] https://www.uokik.gov.pl/publications.php#faq4470

[31] The PPP supporting legal framework comprises the *Act on PPPs* of 2008, the *Act on Concessions for Construction Works or Services* of 2016, and the *Public Procurement Act* of 2019.

[32] The PPP supporting legal framework covers transport, energy generation, transmission and distribution, water supply, sewerage and waste management, and social infrastructure. Exceptions include defense and telecommunications.

[33] As of June 2021, none of the 15 larger PPP projects, accounting for 5.5 billion PLN (about 67 percent of the value of the whole PPP portfolio), required direct state budget funding above 100 million PNL, therefore they were signed without the MoF oversight.

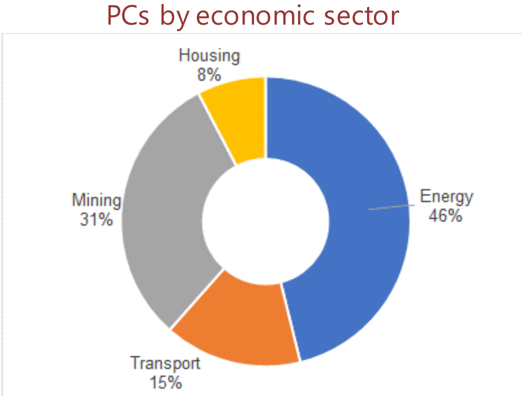
[34] Based on information of PPP signed projects published by the MDFRP. Looking at the risk sharing mechanism described in the MDFRP website, only 3 of the 15 larger PPP project could potentially be recorded in the government financial statements following ESA 2010 guidelines.

pipeline of 9.5 billion PLN (about 0.4 percent of GDP) of which half of the contracts are already under negotiation and tendering.

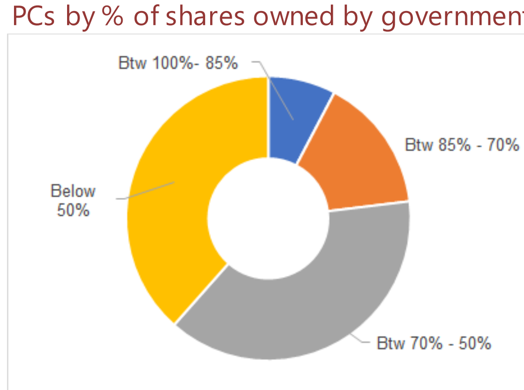
39. The government does not systematically oversee the investment plans of PCs or monitor their financial performance. There are 254 PCs operating under the responsibility of seven different line ministries, including a few under direct supervision of the Prime Minister's Office. The government identifies 27 PCs of "significant importance for the economy", of which only 13 operate in the main markets for infrastructure provision, such as energy, mining, transport, and housing, and all of them are under the responsibility of the Ministry of State Assets (MSA). The MSA performs a shareholder function for those PCs under its portfolio, while the sectorial line ministries are responsible for developing strategies and policies. PCs discuss investment plans with their relevant line ministries, but without a formalized coordination framework. In the case of energy infrastructure, the network investment plans of transmission system operators (TSOs) and distribution system operators (DSOs) are also discussed and agreed with the Energy Regulatory Authority (URE). There is no consolidated oversight or reporting of PCs financial performance and/or investment plans, neither by the MSA or the MoF. Investment projects of PCs are not included in the list of strategic projects monitored by the PMO. Limited oversight and reporting on major infrastructure projects from a consolidated portfolio perspective do not allow the government to fully benefit from potential complementarities across projects and sectors, leading to inefficiencies in public investment.

Figure 3.5. Composition of PCs "of Significant Importance for the Economy" Operating in Infrastructure Markets

PCs by economic sector



PCs by % of shares owned by government



Sources: Staff calculations based on official data. https://www.gov.pl/web/premier/wykaz-spolek

Recommendations for Planning Institutions

Issue 1. Coordination between entities: While criteria for tax sharing and general transfers to SNGs are set out in law and well understood, information on potential central government financial support/transfers for investments is spread across targeted transfer schemes appropriated to different MDAs. These transfers are usually accessed on a competitive basis at the start of the budget year, which creates uncertainty for SNGs over their ability to implement their investment plans within the fiscal year.

Recommendation 1. Review arrangements for targeted public investment transfers to SNGs, including access criteria to ensure timely implementation of SNG investment plans.

Issue 2. Project appraisal: There is no legal framework requiring all major projects to be subject to rigorous, technical, economic, and financial analysis. While there is a general methodology for project appraisals, and specific methodologies for transport projects, there is no coordinated support for applying these methodologies.

Recommendation 2. Create a legal framework that supports improved project appraisal practices by requiring that:

- Project appraisal mechanisms in place for EU funded projects are applied to all major budget funded projects, based on a general methodology or sector specific methodologies;
- A stepwise project appraisal procedure is introduced, where all projects are appraised at the profile level (project concept) before being included in investment plans; and
- An institution or entity is assigned the task of developing guidelines and methodologies for project appraisal and providing support and organizational training.

Issue 3. Alternative infrastructure financing: Main infrastructure markets are still dominated by PCs either fully owned or with majority ownership of the government. Monitoring of PC's financial performance and investment plans is limited and fragmented. There is no consolidated information on major infrastructure projects undertaken by PC. The MoF has a limited mandate to monitor or manage fiscal implications of PPPs.

Recommendation 3. Strengthen the oversight of PCs and PPPs, given their significance in the provision of public infrastructure, including:

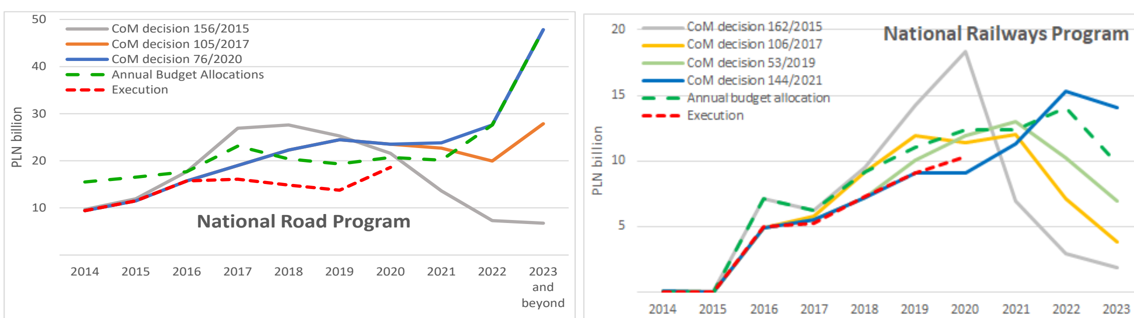
- Compile, analyze, and report annual data on investment plans of the main PCs, particularly those that are responsible for the provision of large and strategic infrastructure assets and services; and
- Gradually improve data compilation and reporting (in budget documentation) of firm and contingent liabilities arising from PPPs by expanding the MDFRP database to include: (i) construction cost of the related nonfinancial asset; (ii) construction period; (iii) type and face value of explicit state guarantees provided to PPP projects; and (iv) road concession projects procured before the update of the legal framework.

D. Investment Allocation

6. Multi-year Budgeting (Strength— Medium; Effectiveness—Medium)

40. While multi-year budgeting is still under development, multi-year programming of capital investment has been around for much longer. The CoM, which determines the manner and procedure for financing investments from the State Budget, requires budget entities to submit multi-annual programs for the implementation of their sector strategies[35] for the CoM's review and approval. The programs, some of which span 10 years or more, are reviewed by an inter-ministerial committee, including the MoF. In addition to funding from the State Budget, which includes EU funds that are passed through the budget, the programs include other sources of financing available for the particular sector, including those from extra-budgetary funds (e.g., the National Road Fund) financed through earmarked revenues and/or borrowing. Box 3.4 sets out the main features of multi-annual programs and their representation in the State Budget Act and annual report. Although multi-annual programs cover important sectors, they do not cover all investment spending, and within programs there can be relatively large deviations between different updates of the multi-year plans, budget allocations for individual projects, and execution (Figure 3.6).[36]

Figure 3.6. Deviations Over Time in Multi-annual Programs



Source: Official Gazette for CoM decisions on Multi-annual programs, State Budget Documents and Annual Reports, Poland MoF.

[35] See the PFA, Article 136.

[36] For example, the total CoM approved costs of the National Roads Program went from 168 PLN billion in 2015 to 225 PLN billion in 2020, while the total CoM approved costs of the National Railways program went from 50 PLN billion to 65 PLN billion over the same period. These changes can be partly explained by uncertainties related to the full amount of eligible EU funding in 2015, as EU funding represents 29 percent of the total costs of the National Road Program and 62 percent of the total costs of the National Railway Program.

Box 3.4. Multi-annual Programs and the Annual Budget

The PFA, under Article 136, provides for the adoption of multi-annual programs:

- A budget law may lay down, within the limits of expenditure for a financial year, limits on expenditure on multi-annual programs.
- Multi-annual programmes are established by the CoM in order to implement the strategies adopted by the CoM, including in the field of defense and state security. The CoM, when establishing the program, shall indicate its contractor.
- The implementation of multi-annual programmes may be divided into stages.
- Bodies implementing a multi-annual programme may make commitments to finance, in each year of implementation of that programme, up to the total amount of expenditure determined for the whole programme. Where a multi-annual program is jointly implemented by two or more entities, the commitments made by each entity may not exceed the amount planned for that entity.

The supporting documents for CoM approval of programs typically include the sector strategy, the financing table, and the list of projects, with a description of the purpose and total cost and timeframe, to be implemented. Information of the project manager is also included. The CoM decision along with the supporting documents are published in the official gazette. CoM also reviews and approves periodic updates to the programs, which show the completed projects with costs as well as the list of projects yet to be completed, including any new projects that have been added. Multi-annual programs can include both current and capital expenditures, from all sources of financing. However, while key investment sectors are included, such as roads and railways, not all investment spending of the government is established using the multi-annual program approval process.

Article 138 of the PFA prescribes that a summary of multi-annual programs is to be included in budget documents – these are in Budget Annex 10 which sets out the following information for each program:

- Title and details of program, including implementing entity(ies)
- Key output indicator with baseline and targets for budget year plus two forecast years
- Program timeframe and total costs, with breakdown by implementing entity
- Total funding allocated for budget year plus two forecast years, broken down by implementing entity
- State Budget contribution to funding for budget year plus two forecast years, broken down by implementing entity

Programs are published in the State Budget Execution Report (usually annex 47), which provides information at the same level as State Budget Annex 10, showing budget, revised budget, execution amount and rate for each implementing entity as well as the output achieved for the budget year.

Sources: MoF and IMF staff.

41. **Multi-annual programs are not approved by the Sejm (the Polish Parliament), but in practice they provide multi-year spending limits.** Multi-annual programs, including project-level costs, are not submitted to the Sejm for approval but are published in the Official Gazette as decisions of the CoM.[37] Project level costs included in the approved multi-annual programs are seen as limits for the tendering and contracting stages of the individual projects, and changes have to be approved by the CoM. Total and annual costs for other projects are neither presented to the Sejm nor published. As part of the ongoing budget reforms (Box 3.5), consideration should be given to provide a comprehensive and consistent view of public

[37] With the exception of defense and security programs, which are classified as confidential.

investment in a credible document, such as inclusion of a public investment annex in the budget documents or a separate document, eventually covering central government, SNGs, and PCs, and setting out investment programs by sector/function with details on financing sources, time frames, and major projects for each sector covered. Annex 4 provides a possible template for a budget annex.

Box 3.5. The 2016 Budget Reform Plan

In July 2016, the CoM approved a six-point plan ("Assumptions to Budget System Reforms") for budgetary reform, based on a proposal submitted by the MoF. The plan is currently under implementation, supported by IMF advice[38], including a resident advisor to help develop a new chart of accounts and budget classification. Key elements of the plan include:

- Implementation of a medium-term budget framework (MTBF).
- Integration of annual and multi-annual planning processes, and modifications to the budget calendar and budget formulation process.
- Redefinition of the role of the CoM, its members, and the Minister of Finance in the budget process.
- Elimination of the existing dual classification and the introduction of a new state budget structure and uniform performance-based classification.
- Improved data collection for budget and financial reporting.
- Institutionalization of spending reviews and other instruments into the budget process.

Source: MoF

7. Budget Comprehensiveness and Unity (Strength— Low; Effectiveness—Medium)

42. A large part of the public investment spending at the central government level is undertaken through off-budget spending entities. Most notably, this includes spending through a number of special purpose funds entrusted to the BGK.[39] The financial plans of these funds are not presented to the Sejm alongside the budget and are effectively extra-budgetary spending. The total share of extra-budgetary spending on public investment is difficult to establish, but the National Road Fund alone contributed an average with one third of central government investment spending (Table 3.2). Therefore, just in the road sector, 75 percent of investment is extra-budgetary spending, on average. While these funds are allocated outside the budget process, their resources are fully included in the funding of sector strategies and their related multi-annual programs prepared by sector ministries and approved by the CoM. This extrabudgetary spending, which is primarily in the transport sectors, is included in the State Budget Annex, which presents multi-annual programs as well as in annual reports on State Budget execution, again in an annex table. However, the presentations are highly aggregated and provide little detail on specific allocations from the funds.

[38] IMF, FAD Technical Report, Building Forward Estimates and Standardizing the Chart of Accounts, Harris, December 2017.

[39] Funds entrusted to the BGK include, among others, the National Road Fund and the Railway Fund.

Table 3.2. Poland: Extra-Budgetary Spending of the Road Fund on the National Roads Program				
Billion PLN	**2016**	**2017**	**2018**	**2019**
Central Government Gross Capital Formation (GCF) 1/	37.3	41.8	46.7	48.2
GCF on roads	15.7	16.1	15.1	13.8
Funded by State Budget	2.9	4.3	4.2	4.2
Funded by the National Road Fund 2/	12.8	11.8	10.8	9.6
GCF on roads as percentage of central government	*42%*	*39%*	*32%*	*29%*
Percentage of total GCF funded by National Road Fund	*81%*	*74%*	*72%*	*70%*

Source: Eurostat and State Budget Annual Reports.

1/ Total Central Government investment.

2/ Contribution of the National Road Fund to the "National Roads Program".

43. **Individual capital projects are not presented in budget documents.** As noted, the Sejm is presented with program level summary projections for multi-annual programs in the budget documents, but not projections for the individual projects under each program. It is also presented with annual allocations for any loan funded projects. Investments made by PCs are not included,[40] neither is any investment using the PPP modality nor investments by SNGs. Project level information may be available elsewhere but in a fragmented manner, notably in the Official Gazette for multi-annual programs, line ministry websites for sector projects, SNGs websites for SNG projects, the MDFRP website for EU projects and PPPs, and PC websites for their capital investment programs.

44. **The annual budget process covers both current and capital spending, which are presented together in the State Budget Act, but without using a program classification.** In practice, current and capital spending are prepared in largely separate processes. Sector ministries are responsible for coordinating and consolidating the capital spending of entities under their institutional authority. Decisions between competing priorities are made at this level, generally in accordance with their sector strategies. The consolidated multi-annual programs are submitted to the CoM for approval along with the strategic plan for the sector at the start of the strategy's implementation period. The MoF then takes the budgetary implications of these programs into account when finalizing the annual budget.[41]

[40] The exception is capital investment that are part of CoM-approved multi-annual programs, notably in the railways and energy sectors. In this case the aggregate capital spending will be shown in State Budget Annex 10.

[41] While the budget is adopted at a highly aggregate level, MoF budget officers work closely with the sectors they cover and are familiar with, and monitor through the Trezor system, the details of capital as well as current spending.

8. Budgeting for Investment (Strength— Medium; Effectiveness— High)

45. There is no legal requirement for the Sejm to appropriate total costs of individual projects. The PFA provides for the approval by the CoM of multi-annual programs. The CoM decisions, along with the supporting documentation including the financing plan and the associated list of costed projects, is published in the Official Gazette. While outside the Sejm's budget approval process, the multi-annual programs formally set indicative limits on commitments that can be made each year, as noted in Box 3.3. Furthermore, the total cost submitted for each project establishes a ceiling for tendering and contracting purposes. Other than multi-annual programs, the PFA is generally silent regarding investment projects. Unlike many countries the PFA does not require that the budget include an annex on public investment projects.

46. Virements to or from capital spending appropriations require the consent of the MoF, while in-year transfers related to multi-annual programs are not allowed. While the PFA does not include any restrictions regarding the MoF's consent to virements, the law puts restrictions on amendments to multi-annual programs. The CoM can and does approve revisions to the programs, but these are changes only beyond the current budget year.[42] The only other restriction set on multi-annual programs relates to any savings that may accumulate in a program, which can only be redeployed by CoM decision to another multi-annual program or used to reduce debt.

47. Unspent appropriations may be carried over into the next year, provided it is used within three months and provided it relates to contracts close to completion at year end. Article 181 of the PFA governs the approval and reporting to the Sejm of carry-overs. This provision is often used for capital spending where works intended for the year are still being completed by year end, or where verification of the completed work cannot be done before year end. The list of carry-overs requires the opinion of the Sejm's Budget Committee before adoption in a regulation by the CoM. The carried over tasks must be completed by March 31 of the following year. These provisions aim to ensure that investment contracts can be completed without interruption or the need for reappropriation.

48. Funds reserved for on-going projects with active contracts require MoF approval for any changes. Once a project has been tendered and contracted the budget execution system will lock in the approved resources for that contract for the budget year, and changes cannot be made without the explicit approval of the MoF. The system records details of each contract which the MoF checks when approving subsequent budgets. In this way on-going projects are generally protected from being crowded out by new ones. In recent years, the

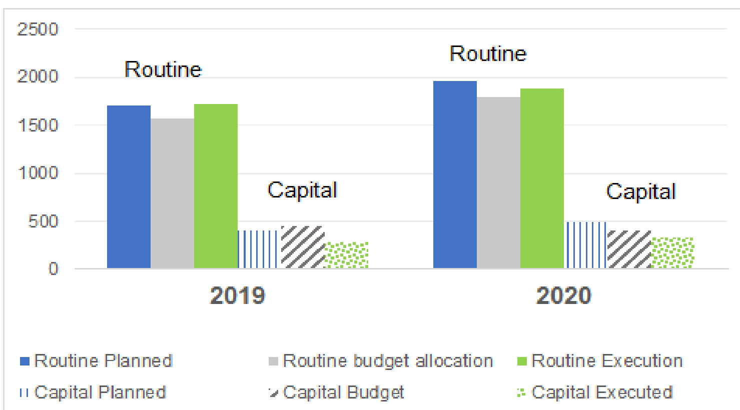
[42] Documents submitted for CoM revisions to multi-annual programs provide status and costs for completed, ongoing and projects yet to start under the program. This provides an opportunity for the CoM to review individual projects, identify any issues related to delays and cost changes, and require further explanations from the sector entity managing the program.

availability of funds has generally exceeded the capacity to implement, and there has been little risk to on-going projects.

9. Maintenance Funding (Strength— Medium; Effectiveness—Low)

49. **There are methodological guidelines to estimate routine and capital maintenance needs and costs in a few relevant sectors, such as roads and water.** For national roads and motorways, the GDDKiA monitors road conditions through annual regular inspections as well as electronic testing methods to determine maintenance requirements.[43] GDDKiA estimates are comprehensive including routine and capital maintenance needs.[44, 45] Roads are categorized based on technical criteria, and maintenance needs are prioritized within a given budget envelope.[46] To eliminate critical/poor conditions in national roads, GDDKiA estimates maintenance needs of PLN 4.8 billion (Table 3.3). Budget allocations for GDDKiA national road maintenance are adequate covering above 90 percent of identified needs (Figure 3.7).

Figure 3.7. Maintenance Expenditures in National Roads and Highways
(Millions PLN)



Sources: GDDKiA.

[43] Guidelines developed by GDDKiA, contained in the *Instructions for Conduction Road Inspections of Engineering Facilities,* Order No. 14 of the General Director of National Roads and Motorways of July 7, 2005 (as replaced by Order No 35 of September 28, 2020), including load-bearing capacity, evenness, anti-skid properties, and surface condition pavement.

[44] GDDKiA is responsible for "national" roads and motorways (including concessions), while provincial, district and municipal roads are the responsibility of the SNGs. National roads represent only 5 percent of the whole road network in Poland and serve approximately 50 percent of the total traffic.

[45] Routine and capital maintenance needs are according to the Polish definition, which covers current maintenance (routine) and renovation tasks restoring the technical and operational parameters of road elements (capital). Both are classified as current expenditures.

[46] In 2020, GDDKiA estimated that about 59.6 percent of the national road network under its supervision is in good conditions, 24 percent in unsatisfactory conditions, and 13.9 percent in critical/poor conditions.

50. **In the road and water sectors, methodological guidelines are not consistently applied across government levels, and funding is limited.** The 2019–20 NIK audit of bridge structures and culverts found that guidelines were not consistently applied by some SNGs, with several bridges and culverts in conditions that were deemed unsatisfactory to ensure safety requirements. The audit also noted that inadequate maintenance works was concentrated at the district and municipal level, which were largely attributed to lack of funding. There is evidence of similar challenges in the water sector. The 2019 NIK audit found that maintenance spending by Polish Waters covered about 50 percent of identified needs mainly due to limited funding. Similar practices were not identified in other sectors.

Table 3.3. Poland: National Roads and Highways: Immediate Maintenance Needs Estimated at End-2020 to Eliminate Sections Classified in Poor/Critical Condition

Treatment group	Average unitary cost [thousands PLN]	Lengths of episodes demanding treatment [km]	Expenses [million PLN]
Surface treatment	270	920	248
Balancing treatment	880	257	226
Modernizing treatment	2300	1906	4385
Total immediate need			4859

Source: GDDKiA 2020 Annual Report on the technical condition of the surface of the road network.

51. **Maintenance of roads and highways are included in sectoral strategies and plans, but similar practices have not been identified in other infrastructure sectors.** The *Program for Strengthening the National Road Network until 2030*, under the responsibility of the Ministry of Infrastructure, covers both routine and capital maintenance[47] for PLN 64 billion until 2030. Similar practices were not identified in the rail or water sectors, where relevant programs do not clearly identify maintenance needs.[48] Annex 5 summarizes good international practices in maintaining infrastructure assets.

52. **The budget classification allows to identify routine maintenance but not major improvements.** The economic classification identifies routine maintenance expenditures for fixed assets, but it is not reported in the budget documents which are presented at a more aggregated level.[49] Neither the economic nor the program classification identifies capital maintenance, but some specific programs include both routine and capital maintenance (e.g., the *Program for Strengthening the National Road Network until 2030*). Poland reports to the *OECD Infrastructure Transport Forum* data on investment and maintenance expenditures for transport infrastructure (i.e., rails, roads, inland waterways, seaports, and airports), but it does not publish this data. Figure 3. 8 and 3.9 below shows the trends of investment and maintenance spending form 2015–19. Investment in roads and rails accounts for the majority of the investment in

[47] As defined in the GFSM 2014 classification.

[48] National Railway Program, and the National Program for Municipal Waste-Water Treatment.

[49] Codes 427 and 430 in group 4.

transport infrastructure since 2015. Maintenance spending in the rail sector account for about 60 percent of total maintenance spending in the transport sector, followed by roads. The share of road maintenance as a percentage of total investment in roads has hovered between 15 to 20 percent during the period.

Figure 3.8. Composition of Maintenance Spending in Transport Sector

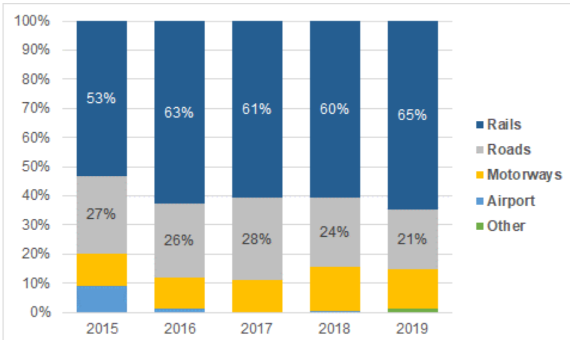
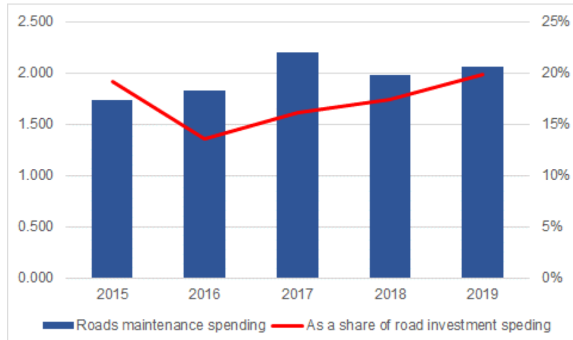


Figure 3.9. Maintenance Spending on Roads



Source: OECD IT Forum database

10. Project Selection (Strength— Low; Effectiveness—Low)

53. Major capital projects are neither reviewed centrally before inclusion in the budget nor subject to independent review. Budget users each have their own procedures for reviewing and selecting projects, which can vary by source of funding or type of project.[50] MDFRP reviews and provides opinion on projects proposed for PPP financing, but it is only done at the request of the promoting agency, and the opinion is not binding.

54. There are neither standard published project selection criteria nor a standard procedure for selection of large projects. Selection criteria and the selection process can be defined by each institution, for each funding program, and for each competitive process.[51] Projects are included in multi-annual programs based on needs identified in sectoral diagnostics, but without previous appraisal.

[50] For example, the National Fund for Environmental Protection and Water Management review prospective projects by using their own experts but will also use external support if they do not have the capacity to review all projects presented to them or for some specific technical issues. For roads, the process of review and selection depends on the type of project and funding source. For road projects carried out by GDDKiA, the mission was informed that these are verified by the Center for EU Transport Projects, the European Commission (JASPERS) and the Ministry of Development Funds and Regional Policy.

[51] For example, the document "Guidelines on project selection modes for 2014-2020" lays out how project selection criteria must be defined and how they should be used to ensure uniform application of the rules on project selection modes by the competent institutions for the European Social Fund but does not provide specific criteria.

55. No single pipeline of appraised projects exists, only lists that are kept and managed in different MDAs. There is a list of 76 possible PPP projects,[52] searchable and presented by province, which is managed by the MDFRP. GDDKiA also presents in maps by province[53] projects in preparation, being tendered, in progress and completed, including a brief description of the project, current stage of development, and some technical information. Similar information about projects of railway stations to be implemented by PKP can be accessed through the "Map of investments in railway stations until 2023."[54] Also, the Portal for European Funds[55] managed by the MDFRP presents in an Excel sheet a list of all projects ongoing or completed with EU funding. Information about EU funded projects is also managed in the SL 2014 system, but only for ongoing projects.

56. The role and authority of the various parties involved in screening projects for inclusion in the budget and to be financed from EU funds should be clarified, documented, and enforced. Standard and transparent criteria for project selection and prioritization should be defined at the central level, for example the use of cost-benefit indicators, with the option of being complemented with more specific criteria by type of project, institution, or fund.[56] These criteria should be systematically adopted for all major investment projects, including budget funded, EU-funded, and PPPs. Developing a database of appraised projects would help central budgetary institutions to better coordinating investment planning and budgeting, as well as monitoring of portfolio implementation.

Recommendations for Allocation Institutions

Issue 4. Budget comprehensiveness and unity: Information on public investment is fragmented within the State Budget and across the public sector, making it difficult to establish a reliable and comprehensive view on public investment in Poland. There is little project-level information in the budget documentation. Investment spending from own funds of extra-budgetary funds managed through the BGK is not presented alongside the budget.

Recommendation 4. Provide a more comprehensive view of public investment in a credible document, such as an annual budget annex or a separate document (public investment plan) to include: (i) data on public investment spending covering central government including extra-budgetary funds, and eventually SNGs and PCs; (ii) financing sources for public investment; and (iii) a breakdown of major projects in each sector.

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[52] https://www.ppp.gov.pl/baza-potencjalnych-projektow-ppp/

[53] https://www.gov.pl/web/gddkia/mapa-stanu-budowy-drog3

[54] http://zmieniamydworce.pkp.pl/szczegoly/babimost

[55] https://www.funduszeeuropejskie.gov.pl/strony/o-funduszach/?utm_source=Google&utm_medium=Search&utm_campaign=MFiPR_MG

[56] The document "Guidelines on project selection modes for 2014-2020" could be a good starting point for defining common basic national criteria and selection process.

Issue 5. Maintenance funding: There is currently no standard methodology to determine maintenance requirements or to track maintenance funding systematically, except in the road and water sectors. Even in this sector, methodologies are not applied consistently by SNGs, which are responsible for 95 percent of the road network.

Recommendation 5. Identify maintenance needs in sectoral plans, prioritize maintenance funding, and report on its execution. Measures to ensure adequate attention to maintenance could include:

- Identifying maintenance needs in sectoral strategies, including estimates of the costs to execute them, as is currently done in the national roads sector;
- Establishing a strategy, benchmarks, and standards for estimating routine and capital maintenance in key infrastructure sectors;
- Ensuring that for major roads at the subnational level, GDDKiA provides technical support in line with the methodologies and guidelines developed by them; and
- Assessing and reporting data on maintenance expenditures in the budget documents.

Issue 6. Project selection: There is no central review of major projects prior to their inclusion in the budget; no standard published project selection and prioritization criteria; no standard procedure for selection of large projects; and no single pipeline of appraised projects to be considered for inclusion in the budget.

Recommendation 6.a. Introduce standard and transparent criteria for project selection and prioritization at the central level, regardless of funding source.

Recommendation 6.b. Develop a pipeline of appraised major capital projects to be considered for project selection regardless of funding source.

E. Investment Implementation

11. Procurement (Strength— High; Effectiveness—Medium)

57. The public procurement process in Poland is based on a modern Public Procurement Law (PPL), is open and transparent, and the public has access to complete, reliable, and timely procurement information. Following Poland's entry to the EU, a new procurement law was adopted in 2004 and have since been repeatedly amended. The PPL of 2019 entered into force on January 19, 2021 and introduced new features to increase the efficiency of public procurement in line with EU directives of 2014. The PPL law refers to the National Purchasing Policy (NPP), which is currently under development and will set strategic policy objectives for procurement to be implemented during 2022–25. An e-GP procurement system is also currently under development, and all planned modules are expected to be completed in 2022. The Public Procurement Office is in charge of the public procurement policy and was established by the Act on Public Procurement of 10 June 1994.[57]

58. While most procurement contracts are tendered in an open procedure, significant funds are spent based on exclusions from the PPL. The total value of all public procurement contracts awarded in 2020 amounted to PLN 183,5 billion, or about 8 percent of GDP (Table 3.4). In over 88 percent of all tenders conducted, an open tender procedure was used. However, due to the significantly decentralized public procurement market in Poland (over 32,000 procuring entities), as well as a long list of exclusions included in the PPL, there was a large amount of funds spent on the basis of exclusions from the PPL—over PLN 97,5 billion, out of which PLN 34,8 billion was spent by procuring entities for tenders below EUR 30,000 per contract and the remainder on the basis of other exclusions stipulated in the PPL. All tender notices for contracts below the EU thresholds (procurement notices, as well as contract award notices) are published in the national Public Procurement Bulletin and those above the EU threshold in the EU Tenders Electronic Daily. All documents pertaining to the tender process are available publicly on the websites/procurement platforms used by the respective procuring entities, including copies of bids and protocol from conducted tender procedure, which is open to the public and made available upon request.

59. The PPO is in charge of monitoring the functioning of the public procurement system in Poland using a central public procurement portal and preparing an annual procurement report. The report provides for basic analysis and statistical information about the share of the public procurement market, volume of procurement, methods and types of procurement used, competition level, and number and outcomes of appeals. However, there are no established key performance indicators used nor any deep spend analysis conducted to support these basic statistics and to understand whether the procurement system performance is efficient and delivers value-for-money.

60. Various measures are in place for procurement oversight, and complaints are reviewed by the National Appeal Chamber (NAC). Oversight and auditing are conducted by the Supreme Audit Office (NIK). In addition, EU funded projects are audited by managing authorities, intermediate bodies, and the National Revenue Administration, which reports directly to the Auditing Institution (the Department for Protection of the EU's Financial Interests in the MoF). Public procurement appeals are reviewed by the NAC, which is an independent body

[57] Pursuant to Art. 466. paragraph 2 of the PPL, the President of the PPO is supervised by the minister competent for the economy.

established in 2007.[58] A party not satisfied by the ruling of the NAC may complain to the court against the Chamber's ruling. The NAC decisions are published and easily accessible.

Table 3.4. Poland: Key Public Procurement Data for Years 2017–20				
Years	**2017**	**2018**	**2019**	**2020**
Total value of awarded contracts (PLN billion)	163,2	202,1	198,9	183,5
Number of awarded contracts	139 133	143 881	141 023	135 048
Type of procurement:				
Works	44%	46%	36%	43%
Goods	31%	30%	31%	31%
Services	25%	24%	33%	26%
Procurement methods used:				
Open tender	86,10%	88,00%	88,97%	88,56%
Restricted tender	0,40%	0,34%	0,34%	0,42%
Negotiations with publication	0,05%	0,04%	0,06%	0,06%
Competitive dialogue	0,02%	0,02%	0,03%	0,02%
Negotiations without publication	0,14%	0,11%	0,11%	0,11%
Direct contracting	9,67%	9,45%	8,65%	8,90%
Request for Quotation	3,29%	1,86%	1,68%	1,80%
Innovative partnership	0,01%	0,01%	0,00%	0,00%
Electronic auction	0,32%	0,17%	0,16%	0,13%
Number of days for tender processing:				
Below EU thresholds:	38	40	41	41
Above EU thresholds:	93	96	90	n.a.
Average number of bids:				
Below EU thresholds:	2,42	2,24	2,48	2,78
Above EU thresholds:	2,23	2,09	2,12	n.a.
Selection of the cheapest bid in % of tenders	83,16%	85,32%	85,38%	85,10%
Number of appeals submitted	2 749	2 714	2 694	3 545

Source: Public Procurement Office, Annual reports of performance of the public procurement system.

12. Availability of Funding (Strength— High; Effectiveness— High)

61. In line with requirements of the PFA, cash-flow forecasts are prepared on an annual, quarterly, monthly, and daily basis by the Public Debt Department of the MoF. These cash-flow forecasts include all state budget cash-flows (including EU funding) and are prepared with input from budget holders. In cooperation with the budget department, the cash-flow forecasts of budget holders are used to prepare monthly budget allocation schedules for

[58] It consists of about 50 professional members (lawyers), who deal with 3 000 appeals per year on average. NAC is a quasi-court outside of the judiciary. The entire administrative and organizational support to the NAC is provided by the Appeal Bureau of the PPO. The average time for review and issue of decision was 30 days in 2020, 14 days in 2019 and 16 days in 2018.

the year. Ten days before the start of a month, budget holders submit their expected daily cash-flows for the month and subsequent two months on a rolling basis, while the expected flows for the remainder of the year are updated on a quarterly basis. A cash buffer is maintained, the size of which is determined by the current market conditions and risks assessments. Cash-flow plans for all public investment projects, prepared by budget holders, feed into the cash-flow forecasts, although it is not separately identified for cash forecasting purposes.

62. Cash for project outlays is released in a timely manner based on the appropriation. In recent years, the Debt Department had no problems with meeting the cash requirements of budget holders to allow them to make timely payments. The department is conservative in their estimation of borrowing requirements and follows a well-established procedure to fund borrowing needs in a timely manner. Instances of cash shortages have not been reported over the past 3 years. Normally, requisitions or changes for funds can be reported in the Trezor system till two days before the payment is due, but in the case of urgent needs requests can also be made even on the day that an unusual cash payment needs to be made—such late requests are then evaluated and approved if feasible. Cash was released in a timely manner despite the additional demands that the substantial support in reaction to the health pandemic has placed on the government of Poland.

63. External financing for the State Budget is integrated into the main government bank account structure. The State Budget bank accounts serve as intermediary for external financing such as those included in the EU Budget. These funds are fully integrated in the determination of liquidity requirements of the State Budget. Most of the entities in the Public Finance Sector (PFS)[59] are obligated to deposit their liquid funds with BGK who provides banking services to the government.[60] These funds are mostly afterwards included in the Treasury Single Account (TSA) in NBP, and some is maintained in the BGK at the end of each business day. Entities with independent legal personality, such as SNGs and PCs, retain the freedom to manage their bank accounts in line with their own preference. Although the number of accounts or share of accounts held outside the TSA is not known there is no evidence to suggest that these arrangements have led to disruptions in funding arrangements for projects.

13. Portfolio Management and Oversight (Strength— Low; Effectiveness—Medium)

64. There is no legal or regulatory framework for systematic monitoring of the public investment portfolio during implementation. Some investment projects are monitored but

[59] MoF Regulation 188 on maintenance of bank accounts to service domestic fund of the state budget dated January 19, 2021.

[60] The BGK provides such services only for some subsidiary bank accounts of state budgetary entities. The BGK also provides banking services for managing the accounts of state special purpose funds and MoF's subsidiary accounts used for state debt and liquidity management. BGK separately provides payment services for payments related to EU funds (Ministry of Finance Regulation 1011 on payments for programs financed by European Funds dated May 25, 2018).

from different perspectives. Most notably, EU funded projects, albeit not all being investment projects, are monitored to ensure that EU objectives are achieved. The PMO in the Prime Minister's Office monitors a portfolio of 400 strategic government projects—or programs—which include capital projects but are mainly projects with social policy objectives (Box 3.5). Primary budget beneficiaries oversee public investment projects of their subordinate units, supported by various ministerial committees and boards, but there is no oversight from a public investment portfolio perspective over the entire public investment portfolio during project implementation. The lack of a portfolio perspective makes it difficult to identify systemic issues afflicting major infrastructure projects, potentially leading to cost overruns and project delays. It also hinders the ability to learn from past mistakes. Some countries have taken steps to strengthen the portfolio approach to public investment also to identify complementarities across projects. Box 3.6 summarizes the experience from the United Kingdom in this regard.

Box 3.6. Partial Monitoring Arrangements for Public Investment Portfolio

Partial monitoring arrangements for the public investment portfolio include the following:

- The Government Project Management Office (PMO) was established in the Chancellery of the Prime Minister's Office in 2018 to monitor the implementation of government projects of strategic importance. Currently 400 projects are monitored using project information uploaded by MDAs in the dedicated MonAliZa IT system. Projects for monitoring are proposed by the respective MDAs, the Board for Monitoring Strategic Projects,[1] or—in some cases—the Prime Minister.
- The Inter-ministerial Committee on EU Funds,[2] established by the Prime Minister and chaired by the minister in charge of regional development, meets once a quarter with the objective to ensure the effective use of EU funds. They review the utilization of funds under different EU programs and monitor the progress in implementing the operational programs co-financed from the Structural Funds, Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund. The Committee evaluates the absorption of funds, applications for co-financing, progress of executing expenditures by the beneficiaries, and applications for reimbursements for completed projects.
- In line with EU regulations, a Monitoring Committee is established for each program. The committee consists typically of representatives from the minister responsible for regional development and ministers competent with regard to the scope of the program. Representatives of the EC also take part, often acting as advisors. The committee is responsible for carrying out systematic assessments of the progress in implementation of the program; analyzing issues that may have an impact on the implementation of the program's objectives; and carrying out consultations with regards to changes to the program.
- Sectoral ministries play an oversight role on investment programs in their sectors executed by entities under their jurisdiction.

[1]This board comprises representatives from various ministries and meet at least three times a year to review and discuss progress with implementation of these projects.

[2] Include MDFRP, Minister of Agriculture, Ministry of Economy, Other ministries as appropriate, President of central government agencies, PPO, and representatives of the 16 Voivodships.

65. The PFA provides for reallocation of funds during implementation. Article 171 of the PFA allows all budgeted funds, including those for public investment, to be re-allocated following a well-established procedure. Expenditure allocations can be transferred between chapters and paragraphs within a particular part and section of the State Budget.[61] However, re-allocation of funds in EU funded programs requires the consent of the Minister of Regional Development, with the latter informing the Minister of Finance. In the case of on-going construction contracts, all re-allocations require the consent of the Minister of Finance. Where a minister administers more than one budgetary part, the PFA allows re-allocation between parts within one section and chapter of the budget. In such cases the minister is obliged to inform the CoM, which may revoke the minister's decision.[62] While reallocations are provided for, they are not supported by a systematic monitoring system, as noted above.

66. There are no formal requirements to conduct ex-post reviews although such reviews are sometimes conducted by the responsible entities. The PMO and the Inter-ministerial Committee on EU Funds annually conduct ex-post reviews of the projects they monitor, but these typically focus on costs, outputs and outcomes and are not necessarily designed to improve implementation policies and procedures for all projects going forward.

Box 3.7. The UK's Infrastructure and Project Authority (IPA)

The Infrastructure and Project Authority (IPA) is the government's center of expertise for infrastructure and major projects. It is located at the heart of the government, reporting to the Cabinet Office and HM Treasury. IPA works across government to support the delivery of all types of major projects, ranging from railways, roads, schools, hospitals, housing, energy, and telecommunications. As of 2021, IPA oversees the Government Major Project Portfolio (the GMPP) which contains 125 projects worth £448bn. These are the largest, most risky, and most innovative of the infrastructure projects, but only a fraction of the total projects run by Government. Many projects do not meet the criteria for inclusion in the GMPP and thus are not subject to IPA's oversight. Projects on the GMPP are run by the responsible department(s) but subject to scrutiny by the IPA and are included in IPA's annual report.

Projects of the GMPP receive independent scrutiny and assurance from the IPA. Expert teams in the IPA also give specialist project delivery, commercial and financial advice, provide practical tools and make specific recommendations to help improve the chance of successful delivery. Projects on the GMPP list are required to provide quarterly data returns on delivery progress. This data is used to monitor progress across the portfolio and risks and insights are shared with departments and the government.

IPA has produced an Annual Report on the GMPP since 2012. In accordance with the Government's major projects transparency policy, the Annual Report is published at the same time as departments publish the data on their projects that are part of the GMPP. In the report, various metric of project delivery (the Delivery Confidence Assessments, DCAs) are included, as well as narratives from departments explaining project progress, success histories and challenges explaining deviations from original plans.

In 2021 the mandate of the IPA was extended. Since 2021, large and strategic projects included in the GMPP require the support of the IPA before they progress at each stage of the investment cycle. IPA is also in the process of setting up a Government Project Academy to transform the way the government trains and accredits project delivery professionals.

Sources: *The Government's management of its major projects (parliament.uk)
IPA Annual Report on Major Projects 2020-21 IPA_AR2021_final_14Jul.pdf (publishing.service.gov.uk)

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[61] The budget structure comprises 80 budgetary parts which broadly include some organizational units (e.g., President's Cabinet) and functional units (e.g., education or defense). Sections correspond broadly to a functional classification, while chapters correspond to an organization or program. Paragraphs represent detailed classifications of the nature of revenue and expenditure.

[62] Specific regulations have been established to regulate reporting requirements related to these re-allocations.

14. Management of Project Implementation (Strength—Medium; Effectiveness—Medium)

67. Given the decentralized nature of project implementation, there are no formal requirements regarding project management arrangements. The PFA requires that all recipients of public funds manage these in a prudent and effective manner. In this regard, project implementation is the responsibility of the implementing entities, who are accountable and responsible for project management. It is understood that project managers are routinely appointed, and in some cases several projects would be assigned to an individual officer or a team. External experts may be included in project management teams as needed. For each investment project an implementation plan is prepared, which describes project activities, their timeline, and the associated financial plan.

68. There are no specific standardized rules, procedures, or guidelines for project adjustments, other than the general rules for re-allocation of budget expenditure. The rules for adjustment in financing projects are grounded in the PFA, as discussed above. Although project monitoring reports forms the basis for adjustments to projects to overcome problems identified with the execution of the project, there are no specific guidelines for making such adjustments.

69. Some capital projects are subject to ex-post external audit, information on which is published. NIK, the supreme audit office, carries out external audits in line with their constitutional and legal mandate, which includes audits on the state budget execution as well as other audits included in the annual work program.[63] The work program, which include financial, performance and compliance audits, is developed considering risks and the potential for irregularities. It may include controls and capital projects that will usually be published (Box 3.8). Most audit reports are publicly available, except in rare cases that are deemed confidential (reportedly only in approximately 5 percent of cases). The NIK President reports annually to the Sejm on the activities of NIK and the broad outcome of these audits. Individual entities are held accountable for implementing the recommendations of the audits.

70. In addition to the audits performed by NIK, audits are required for EU-funded projects. Such project audits are required for all projects which receive grants of more than € 14,000, according to specific guidelines and regulations. External auditors will check the project while it is being implemented at each stage of the project implementation and include aspects such as eligibility costs, recording of expense, accounting documentation, bidding procedures, supplier selection processes, and project promotions.

[63] Proposals from the President of the Republic of Poland, suggestions by the Speakers of the Sejm, the Senate, the President of the CoM, or other public bodies, as well as internal proposals by NIK staff creates a list of potential audits to be conducted. The list is then reviewed and priorities for audits are determined using the directions issued by the NIK Council. NIK management selects the audits to be performed in line with the adopted priorities.

Box 3.8. Selected NIK Audit Activities in 2020 Related to Public Investment

- An audit on the management of public debt and liquidity of public finance entities
- Supervision over State Treasury companies, purchase procedures implemented by those companies and management of State Treasury properties
- Management of the capital-investment portfolio of the Industrial Development Agency and related entities
- Monitoring of the Polish energy sector and safety of energy supplies in Poland
- Audits on transportation that focused on the transport infrastructure and sustainable transport development
- Evaluation of environmental protection projects

Source: Annual NIK Report to the Sejm, 2020.

15. Monitoring of Public Assets (Strength— High; Effectiveness— High)

71. Asset registers are comprehensive and updated regularly. In line with Article 42 of the State Asset Management Act, a comprehensive State Treasury Asset Report is compiled and published annually, and the President of the General Prosecutor's Office of the Republic reports on it to the Sejm. Balance sheets of individual reporting entities of the State Treasury feed into the report and is supplemented with information on additional assets of the State that are not specifically allocated to individual government reporting entities. The report on the State Treasury Assets includes all categories of assets as specified in the State Asset Management Act. The report includes a general disclaimer that the report should not be considered a complete register of all assets and that the valuation of all assets should not be seen as precise. State-owned enterprises and SNGs are required to compile their own asset registers, include the value of their assets on their own balance sheets and report on them to their councils or boards.

72. Nonfinancial assets are included in the financial statements of the government at book value. The Accounting Act requires that the financial statements of individual government entities include a balance sheet. All assets that are under the control of the reporting entity and that comply with the definition of an asset should be included in such balance sheets and are reported at the book value of the asset (i.e., original acquisition costs, less depreciation and any impairment costs that were accounted for). However, lack of recognizing appreciation of assets, such as real estate, could introduce a downward bias in assets as reported in the financial statements. Financial statements have additional disclosure requirements on the market value of such assets. Consolidated financial statements for the general government sector are not yet prepared but are under development.

73. Depreciation of fixed assets are recorded in the operating statements of all reporting entities. There is no uniform depreciation policy prescribed to reporting entities but rather they are able to determine their own accounting policy in this regard. In practice, the majority of entities use the depreciation rates allowed in the tax laws of Poland as this eliminates the need to prepare a different operating statement for tax purposes.[64] Currently, ten basic depreciation rates ranging from 1.5–2.5 percent for residential and nonresidential buildings to 30 percent for computerware have been established, taking into consideration the nature and condition of the asset.[65]

Recommendations for Implementation Institutions

Issue 7. **Procurement:** The procurement market in Poland is decentralized, and a large portion of public funds are spent based on various exclusions from the public procurement law. Procurement analysis are not sufficiently used to identify potential savings strategies and policy interventions.

Recommendation 7.a. Implement the National Purchasing Policy currently under preparation taking into consideration measures to:

- Optimize procurement approaches to limit the volume of contracts awarded based on exclusions;
- Strengthen the professionalization of public procurement;
- Develop MSME potential and access to public procurement market; and
- Support sustainable and innovative procurement processes.

Recommendation 7.b. Strengthen the analysis of data on the performance of the procurement system by:

- Using existing data to conduct a deeper analysis of performance of the procurement system;
- Developing key performance indicators that could be used to monitor projects' time and cost overruns; and
- Establishing more granular unit rates data in the new e-GP system to allow improvements in the assessment of value for money in procurement.

Issue 8. Portfolio management and oversight: There is no legal or regulatory framework for systematic compilation of information and/or monitoring of major infrastructure projects from a portfolio perspective. There are no formal requirements to conduct ex-post reviews to inform future policies and procedures.

[64] See Annex 1 of the CIT Tax Law.

[65] Depreciation rates used can be the basic rates as determined in the Tax Law, or entities are allowed to either increase or decrease the rate by a factor based on the circumstances around the asset. For example, for a building a factor of 1.2 could be used for the 2.5 % per annum allowed depreciation rate. If the building is in a very bad condition a factor of 1.4 could be used. Therefore, these depreciation rates allow the compilers to take into consideration the nature and condition of the assets.

Recommendation 8.a. Compile information and monitor large infrastructure projects from a portfolio perspective identify complementarities and systemic issues in investment projects across government. This could be done gradually by:

- Developing the criteria to select large and strategic infrastructure projects in Poland;
- Compiling key financial and performance information on selected projects;
- Developing a report including basic statistics at a project level, status of implementation, and summary narrative of key challenges and success factors; and
- Publishing the report.

Recommendation 8.b. Set up a requirement to systematically conduct ex-post reviews of major infrastructure projects of the public investment portfolio to inform future policies and procedures.

Issue 9. Management of project implementation: Other than the PFA, there are no formal requirements or guidelines for project management arrangements, and no general rules or procedures to follow in case a project need to be significantly adjusted.

Recommendation 9. Strengthen project management by:

- Issuing minimum requirements for project management to be adhered to by all implementing agencies; and
- Developing general rules and procedures to follow for significant adjustments of major projects.

IV. CROSS-CUTTING ISSUES

A. Legal Framework

74. The PFA is the main law regulating PIM in Poland. It establishes general principles for management of public finances, regulates use and management of debt, defines the content of the Multi-annual Financial Plan of the State and the Budget Act and how they should be prepared, regulates the use of European and other non-recoverable funds from foreign sources, and defines how internal audits should be developed. Several PIM institutions are regulated through the Act (Annex 6).

75. Other laws regulate specific aspects of PIM. Public procurement is regulated through the PPL, and PPPs and concessions are regulated by specific acts in addition to the PPL. The PPL Act of December 2019 covers transport, energy generation, transmission and distribution, water supply, sewerage and waste management, and social infrastructure. The Act on Public-Private partnership[66] of December 19, 2008 includes a description of the main assessment criteria to be

[66] https://www.ppp.gov.pl/file.php?i=przegladarka-plikow/Ustawa-o-PPP-EN-opublikowana-17-12-2018.pdf

followed by the public and the private partner when implementing a PPP to assess whether the services offer value for money. However, PPPs must be awarded under the PPL in the case of public contracts. The Act on Concession for Works or Services of October 21, 2016 with further amendments specifies the rules and procedures for concluding contracts for concessions for works or services by public authorities, including government administration bodies; local self-government bodies and their associations; public budgetary entities, public budgetary establishments and auxiliary entities of the public budgetary entities, plus other entities specified in Art. 2 of the Act.

76. There is no legal framework pertaining to project appraisal, project selection, portfolio management and oversight, and management of project implementation. These gaps in the legal framework contribute to fragmentation of approaches applied by sectoral entities or for different funding sources and do not guarantee that resources are assigned to the best projects. Lack of common requirements regarding project and portfolio management may result in some sectors being less efficient than key leading institutions, such as GDDKiA. Due consideration should be given to address these issues in the legal framework, which could contribute to strengthening the efficiency of public investment in Poland.

B. IT Systems and Data Management

77. The key systems for supporting budget management, execution, and reporting are Trezor and Besti@, both managed by the MoF. Budget planning, execution and reporting for central government budgetary entities are done using the Trezor system, and the Besti@ system for SNG reports on the implementation of tasks commissioned in the field of government administration. Trezor has modules for planning and executing the budget, for reporting, and for administration of the system. Budget users upload data from their own financial accounting systems to Trezor on a monthly basis, a process that can be done manually, using predefined files or by a web-based interface. For payments and receipts, Trezor communicates electronically with the single treasury account IT system managed by the Central Bank of Poland (NBP). Besti@ system is used for data collection and dissemination of budgetary and financial data concerning SNGs. It enables the preparation and electronic submission of budget and financial reports as well as financial plans and Multi-year Fiscal Frameworks of SNGs to the MoF. Besti@ transmits reports about expenditures and revenue related to central government's for SNG reports on the implementation of commissioned tasks in the field of government administration.

78. Implementation of EU funded projects is supported by the Central ICT System (Centralny system teleinformatyczny – CST). This system, operated by the MDFRP, is used for management of projects funded from national operational programs, European Territorial Cooperation programs for which the managing authority has been established in Poland, and for regional operational programs—depending on the decision of the managing authority of the program. It allows collecting data on the implementation of operational programs and checking whether the expenditures incurred by the beneficiaries is correct and compliant with national and

EU law. The most important module of the System is the "Application for handling payment applications" or SL 2014, which enables access to information on implemented projects, submission of payment applications by electronic means, and communication with the institution providing support. SL 2014 includes a module for gathering data about public procurements within the implemented project and about the contractors, but it is neither linked with the current systems of the PPO nor connected with the Trezor system.

79. **MonAliZa (Monitoring-Analysis-Management) is a "tailor-made" IT system developed for supporting the work of the PMO.** It is used to monitor implementation of the around 400 projects designed as strategic by the Government. Data is collected and uploaded by persons or units designated by ministries in charge of reporting on the portfolio, and of supporting and monitoring the implementation of programs and projects. MonAliZa is a well-designed system covering all aspects of planning and monitoring project implementation. It has some features not usually found in government portfolio management systems like resource allocation, team data, risk identification and monitoring and keeping versions of the projects if scope changes are required. Data can be aggregated in project portfolios, and portfolios can be aggregated for institutions. However, such a system requires well trained staff to provide it with complete and good quality data, which could be a drawback.[67] MonAliZa 2.0 is currently under development, and it would be highly useful to include in the new version the ability to exchange data with SL 2014, Trezor and the new public procurement e-GP system.

80. **An e-procurement system (e-GP) is currently under development by the PPO.** The existing e-Orders Platform[68] is used for publication of announcements plus other functionalities related to procedural plans and to contracts. Also, the miniPortal[69] provides free electronic services supporting the process of handling electronic communication, including submitting offers and applications in accordance with the new PPL Act, and automation of encryption and decryption of offers and requests to participate in a procurement procedure. These systems ensure full compliance of the digitalization of public procurement with the requirements of EU law. Development of the new e-GP is planned to be completed in March 2022, after which a period of 3 months will be required for stabilization of the system and transition. There is no legal obligation for contracting authorities to use the new e-GP, but if they use their own platforms, they will still provide all their information to the central e-GP Platform.

81. **The lack of an IT system to manage a centralized pipeline of appraised capital investment projects, as well as data of all major projects being implemented, is an important limitation to portfolio management.** Neither Trezor nor Besti@ register data about physical implementation progress of projects. Some ministries, extra budgetary users and SOEs

[67] There is currently a training program (AZPAP) being implemented in agreement with the KSAP, which could be strengthened, both in coverage and depth of content.

[68] https://ezamowienia.gov.pl/pl/

[69] https://miniportal.uzp.gov.pl/

manage their own project pipeline or a list of ongoing or completed projects, but information is not consolidated and may be duplicated in the SL 2014 or the MonAliZa systems. A central depository of major capital investment projects, proposed and ongoing, could support project selection and portfolio management. Such a system might be based on MonAliZa and should be linked to Trezor (or its successor) as well as to the new e-GP platform. Annex 7 presents an overview of existing IT systems and how they support all 15 PIMA institutions.

C. Capacity

82. Staff capacity for PIM appear to be uneven across entities. Due to the highly decentralized and fragmented nature of public investment in Poland, capacity and skills vary between entities—from small municipal entities to large organizations such as GDDKiA, which has skilled staff to prepare investment plans, appraise projects, manage procurement of construction services, and monitor project implementation. Staff shortages and staff turnover have been identified as issues in some cases.[70]

83. There is no central function responsible for fostering capacity development in PIM. The PPO provides training and support to contracting authorities across the country and manages a Knowledge Repository[71] with rich supporting material including on-line training. The Lech Kaczynski National School of Public Administration (KSAP) implements the "Academy of Project Management in Public Administration" (AZPAP),[72] which is a training program on project management implemented in cooperation with the PMO. However, no central support or training is provided in key issues like project appraisal and project selection.

Recommendations for Cross-Cutting Issues

Issue 10. IT support: Fragmentation of data as well as lack of IT system interfaces reduce the ability of central level ministries to effectively monitor the public investment portfolio.

Recommendation 10. Consider options for enhancing PIM related IT systems to better interface with each other to facilitate monitoring and reporting needs, including:

- Options for enhancing existing systems, such as Trezor and Besti@, with new functionalities to exchange data with the e-procurement system, MonAliZa, and the Central ICT System for management of EU funded projects; and
- Expanding the use of the MonAliZa system allowing sector ministries to use it for supervising the portfolio of projects implemented by agencies under their supervision.

[70] A press release by NIK on Polish Waters found that "*The management board of 10 in 18 audited units of the Polish Waters pointed to staff shortages*" and that "*Also high turnover rate was an issue.*"

[71] https://www.uzp.gov.pl/baza-wiedzy

[72] https://ksap.gov.pl/ksap/projekty-szkoleniowe/projekty-aktualnie-realizowane/akademia-zarzadzania-projektami-w-administracji

Issue 11. Legal Framework: The legal framework for PIM has gaps and weaknesses related to project appraisal, project selection, portfolio management and oversight, and management of project implementation, reducing the effectiveness of these key PIM institutions.

Recommendation 11. Review the legal framework pertaining to PIM to address gaps and weaknesses identified in the PIMA.

Annex 1. PIMA Summary Recommendations

Recommendations	2022	2023	Responsibility	Priority
Reviewing arrangements for targeted public investment transfers to SNGs, including access criteria to ensure timely implementation of SNGs investment plans.	X	X	MoF/ MDFRP/RIOs	
An entity is assigned the task of developing guidelines and methodologies for project appraisal and providing support and organizational training.	X		CoM/MoF/PMO	High
A stepwise project appraisal procedure is introduced, where all projects are appraised at the profile level (project concept) before being included in investment plans	X		Central entity	Medium
Project appraisal mechanisms in place for EU funded projects are applied to all major budget funded projects, based on a general methodology or sector specific methodologies		X	Central entity/entities involved in PIM	High
Compiling, analyzing, and reporting annual data on investment plans of the main PCs, particularly those that are responsible for the provision of large and strategic infrastructure assets and services.	X		MSA	High
Gradually improving data compilation and reporting (in budget documentation) of firm and contingent liabilities arising from PPPs by expanding the MDFRP database to include: (i) construction cost of the related nonfinancial asset; (ii) construction period; (iii) type and face value of explicit state guarantees provided to PPP projects; and (iv) road concession projects procured before the update of the legal framework.		X	MDFRP	Medium
III.D. Investment Allocation				
Developing a document to present data on public investment spending covering central government including EBEs, broken down by financing sources. This could be done as a budget annex or as a separate document, such as a public investment plan.	X		MoF and relevant entities.	High

Recommendations	2022	2023	Responsibility	Priority
Extending this document to include capital investment programs of SNGs and PCs.		X	MoF and relevant entities.	Medium
Identifying maintenance needs in sectoral strategies, including estimates of the costs to execute them, as is currently done in the national roads sector.	X	X	Relevant entities/central function	High
Establishing a strategy, benchmarks, and standards for estimating routine and capital maintenance in key infrastructure sectors.	X		Central function	Medium
Ensuring that for major roads at the subnational level, GDDKiA provides technical support in line with the methodologies and guidelines developed by them;		X	GDDKiA	
Assessing and reporting data on maintenance expenditures in the budget documents		X	MoF	Medium
Introducing standard and transparent criteria for project selection and prioritization at the central level, regardless of funding source.	X		Central entity	High
Developing a pipeline of appraised major capital projects to be considered for project selection regardless of funding source.	X	X	Central entity/ relevant entities	Medium
Optimizing procurement approaches to limit the volume of contracts awarded based on exclusions.	X	X	MoEDT, PPO	
Strengthening the professionalization of public procurement.	X	X	MoEDT, PPO	
Developing MSME potential and access to public procurement market.	X	X	MoEDT, PPO	
Supporting sustainable and innovative procurement processes.	X	X	MoEDT, PPO	
Using existing data to conduct a deeper analysis of performance of the procurement system.	X		PPO	
Developing key performance indicators that could be used to monitor projects' time and cost overruns.	X	X	PPO	
Establishing more granular unit rates data in the new e-GP system to allow improvements in the assessment of value for money in procurement.		X	PPO	

Recommendations	2022	2023	Responsibility	Priority
Compiling information and monitor large infrastructure projects from a portfolio perspective to better inform decision-making on public investment.	X		CoM	High
Setting up a requirement to systematically conduct ex-post reviews of major infrastructure projects in the public investment portfolio to inform future policies and procedures.		X	Central entity	Medium
Issuing minimum requirements for project management to be adhered to by all implementing agencies.		X		
Developing general rules and procedures to follow for significant adjustments of major projects.		X		
Considering options for enhancing existing systems, such as Trezor and Besti@, with new functionalities to exchange data with the e-procurement system, MonAliZa, and the Central ICT System for management of EU funded projects.	X	X	Relevant entities	Medium
Expanding the use of the MonAliZa system allowing sector ministries to use it for supervising the portfolio of projects implemented by agencies under their supervision.		X	MoF, PPO and relevant entities	
Reviewing the legal framework pertaining to PIM to address gaps and weaknesses identified in the PIMA	X	X	Central entity/ relevant entities	Medium

Annex 2. PIMA Questionnaire

A. Planning Sustainable Levels of Public Investment				
1. Fiscal targets and rules: Does the government have fiscal institutions to support fiscal sustainability and to facilitate medium-term planning for public investment?				
1.a.	Is there a target or limit for government to ensure debt sustainability?	There is no target or limit to ensure debt sustainability.	There is at least one target or limit to ensure central government debt sustainability.	There is at least one target or limit to ensure general government debt sustainability.
1.b.	Is fiscal policy guided by one or more permanent fiscal rules?	There are no permanent fiscal rules.	There is at least one permanent fiscal rule applicable to central government.	There is at least one permanent fiscal rule applicable to central government, and at least one comparable rule applicable to a major additional component of general government, such as subnational government (SNG).
1.c.	Is there a medium-term fiscal framework (MTFF) to align budget preparation with fiscal policy?	There is no MTFF prepared prior to budget preparation.	There is an MTFF prepared prior to budget preparation but it is limited to fiscal aggregates, such as expenditure, revenue, the deficit, or total borrowing.	There is an MTFF prepared prior to budget preparation, which includes fiscal aggregates and allows distinctions between recurrent and capital spending, and ongoing and new projects.
2. National and Sectoral Planning: Are investment allocation decisions based on sectoral and inter-sectoral strategies?				
2.a.	Does the government prepare national and sectoral strategies for public investment?	National or sectoral public investment strategies or plans are prepared, covering only some projects found in the budget.	National or sectoral public investment strategies or plans are published covering projects funded through the budget.	Both national and sectoral public investment strategies or plans are published and cover all projects funded through the budget regardless of financing source (e.g., donor, public corporation (PC), or PPP financing).
2.b.	Are the government's national and sectoral strategies or plans for public investment costed?	The government's investment strategies or plans include no cost information on planned public investment.	The government's investment strategies include broad estimates of aggregate and sectoral investment plans.	The government's investment strategies include costing of individual, major investment projects within an overall financial constraint.

2.c.	Do sector strategies include measurable targets for the outputs and outcomes of investment projects?	Sector strategies do not include measurable targets for outputs or outcomes.	Sector strategies include measurable targets for outputs (e.g., miles of roads constructed).	Sector strategies include measurable targets for both outputs and outcomes (e.g., reduction in traffic congestion).
3.	**Coordination between Entities: Is there effective coordination of the investment plans of central and other government entities?**			
3.a.	Is capital spending by SNGs, coordinated with the central government?	Capital spending plans of SNGs are not submitted to, nor discussed with central government.	Major SNG capital spending plans are published alongside central government investments, but there are no formal discussions, between the central government and SNGs on investment priorities.	Major SNG capital spending plans are published alongside central government investments, and there are formal discussions between central government and SNGs on investment priorities.
3.b.	Does the central government have a transparent, rule-based system for making capital transfers to SNGs, and for providing timely information on such transfers?	The central government does not have a transparent rule-based system for making capital transfers to SNGs.	The central government uses a transparent rule-based system for making capital transfers to SNGs, but SNGs are notified about expected transfers less than six months before the start of each fiscal year.	The central government uses a transparent rule-based system for making capital transfers to SNGs, and expected transfers are made known to SNGs at least six months before the start of each fiscal year.
3.c.	Are contingent liabilities arising from capital projects of SNGs, PCs, and PPPs reported to the central government?	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are not reported to the central government.	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are reported to the central government, but are generally not presented in the central government's budget documents.	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are reported to the central government, and are presented in full in the central government's budget documents.
4.	**Project Appraisal: Are project proposals subject to systematic project appraisal?**			
4.a.	Are major capital projects subject to rigorous technical, economic, and financial analysis?	Major capital projects are not systematically subject to rigorous, technical, economic, and financial analysis.	Major projects are systematically subject to rigorous technical, economic, and financial analysis.	Major projects are systematically subject to rigorous technical, economic, and financial analysis, and selected results of this analysis are published or undergo independent external review.
4.b.	Is there a standard methodology and central support for the appraisal of projects?	There is no standard methodology or central support for project appraisal.	There is either a standard methodology or central support for project appraisal.	There is both a standard methodology and central support for project appraisal.

4.c.	Are risks taken into account in conducting project appraisals?	Risks are not systematically assessed as part of the project appraisal.	A risk assessment covering a range of potential risks is included in the project appraisal.	A risk assessment covering a range of potential risks is included in the project appraisal, and plans are prepared to mitigate these risks.
5.	**Alternative Infrastructure Financing: Is there a favorable climate for the private sector, PPPs, and PCs to finance in infrastructure?**			
5.a.	Does the regulatory framework support competition in contestable markets for economic infrastructure (e.g., power, water, telecoms, and transport)?	Provision of economic infrastructure is restricted to domestic monopolies, or there are few established economic regulators.	There is competition in some economic infrastructure markets, and a few economic regulators have been established.	There is competition in major economic infrastructure markets, and economic regulators are independent and well established.
5.b.	Has the government published a strategy/policy for PPPs, and a legal/regulatory framework which guides the preparation, selection, and management of PPP projects?	There is no published strategy/policy framework for PPPs, and the legal/regulatory framework is weak.	A PPP strategy/policy has been published, but the legal/regulatory framework is weak.	A PPP strategy/policy has been published, and there is a strong legal/regulatory framework that guides the preparation, selection, and management of PPP projects.
5.c.	Does the government oversee the investment plans of public corporations (PCs) and monitor their financial performance?	The government does not systematically review the investment plans of PCs.	The government reviews the investment plans of PCs, but does not publish a consolidated report on these plans or the financial performance of PCs.	The government reviews and publishes a consolidated report on the investment plans and financial performance of PCs.
B.	**Ensuring Public Investment is Allocated to the Right Sectors and Projects**			
6.	**Multiyear Budgeting: Does the government prepare medium-term projections of capital spending on a full cost basis?**			
6.a.	Is capital spending by ministry or sector forecasted over a multiyear horizon?	No projections of capital spending are published beyond the budget year.	Projections of total capital spending are published over a three to five-year horizon.	Projections of capital spending disaggregated by ministry or sector are published over a three to five-year horizon.
6.b.	Are there multiyear ceilings on capital expenditure by ministry, sector, or program?	There are no multiyear ceilings on capital expenditure by ministry, sector, or program.	There are indicative multiyear ceilings on capital expenditure by ministry, sector, or program.	There are binding multiyear ceilings on capital expenditure by ministry, sector, or program.

6.c.	Are projections of the total construction cost of major capital projects published?	Projections of the total construction cost of major capital projects are not published.	Projections of the total construction cost of major capital projects are published.	Projections of the total construction cost of major capital projects are published, together with the annual breakdown of these cost over a three-five-year horizon.
7. Budget Comprehensiveness and Unity: To what extent is capital spending, and related recurrent spending, undertaken through the budget process?				
7.a.	Is capital spending mostly undertaken through the budget?	Significant capital spending is undertaken by extra-budgetary entities with no legislative authorization or disclosure in the budget documentation.	Significant capital spending is undertaken by extra-budgetary entities, but with legislative authorization and disclosure in the budget documentation.	Little or no capital spending is undertaken by extra-budgetary entities.
7.b.	Are all capital projects, regardless of financing source, shown in the budget documentation?	Capital projects are not comprehensively presented in the budget documentation, including PPPs, externally financed, and PCs' projects.	Most capital projects are included in the budget documentation, but either PPPs, externally financed, or PCs' projects are not shown.	All capital projects, regardless of financing sources, are included in the budget documentation.
7.c.	Are capital and recurrent budgets prepared and presented together in the budget?	Capital and recurrent budgets are prepared by separate ministries, and/or presented in separate budget documents.	Capital and recurrent budgets are prepared by a single ministry and presented together in the budget documents, but without using a program or functional classification.	Capital and recurrent budgets are prepared by a single ministry and presented together in the budget documents, using a program or functional classification.
8. Budgeting for Investment: Are investment projects protected during budget implementation?				
8.a.	Are total project outlays appropriated by the legislature at the time of a project's commencement?	Outlays are appropriated on an annual basis, but information on total project costs is not included in the budget documentation.	Outlays are appropriated on an annual basis, and information on total project costs is included in the budget documentation.	Outlays are appropriated on an annual basis and information on total project costs, and multiyear commitments is included in the budget documentation.
8.b.	Are in-year transfers of appropriations (virement) from capital to current spending prevented?	There are no limitations on virement from capital to current spending.	The finance ministry may approve virement from capital to current spending.	Virement from capital to current spending requires the approval of the legislature.

8.c.	Is the completion of ongoing projects given priority over starting new projects?	There is no mechanism in place to protect funding of ongoing projects.	There is a mechanism to protect funding for ongoing projects in the annual budget.	There is a mechanism to protect funding for ongoing projects in the annual budget and over the medium term.
9. Maintenance Funding: Are routine maintenance and major improvements receiving adequate funding?				
9.a.	Is there a standard methodology for estimating routine maintenance needs and budget funding?	There is no standard methodology for determining the needs for routine maintenance.	There is a standard methodology for determining the needs for routine maintenance and its cost.	There is a standard methodology for determining the needs for routine maintenance and its cost, and the appropriate amounts are generally allocated in the budget.
9.b.	Is there a standard methodology for determining major improvements (e.g. renovations, reconstructions, enlargements) to existing assets and are they included in national and sectoral investment plans?	There is no standard methodology for determining major improvements, and they are not included in national or sectoral plans.	There is a standard methodology for determining major improvements, but they are not included in national or sectoral plans.	There is a standard methodology for determining major improvements, and they are included in national or sectoral plans.
9.c.	Can expenditures relating to routine maintenance and major improvements be identified in the budget?	Routine maintenance and major improvements are not systematically identified in the budget.	Routine maintenance and major improvements are systematically identified in the budget.	Routine maintenance and major improvements are systematically identified in the budget, and are reported.
10. Project Selection: Are there institutions and procedures in place to guide project selection?				
10.a.	Does the government undertake a central review of major project appraisals before decisions are taken to include projects in the budget?	Major projects (including donor- or PPP-funded) are not reviewed by a central ministry prior to inclusion in the budget.	Major projects (including donor- or PPP-funded) are reviewed by a central ministry prior to inclusion in the budget.	All major projects (including donor- or PPP-funded) are scrutinized by a central ministry, with input from an independent agency or experts prior to inclusion in the budget.
10.b.	Does the government publish and adhere to standard criteria, and stipulate a required process for project selection?	There are no published criteria or a required process for project selection.	There are published criteria for project selection, but projects can be selected without going through the required process.	There are published criteria for project selection, and generally projects are selected through the required process.
10.c.	Does the government maintain a pipeline of appraised investment projects for inclusion in the annual budget?	The government does not maintain a pipeline of appraised investment projects.	The government maintains a pipeline of appraised investment projects but other projects may be selected for financing through the annual budget.	The government maintains a comprehensive pipeline of appraised investment projects, which is used for selecting projects for inclusion in the annual budget, and over the medium term.

C.	**Delivering Productive and Durable Public Assets**			
11. Procurement				
11.a.	Is the procurement process for major capital projects open and transparent?	Few major projects are tendered in a competitive process, and the public has limited access to procurement information.	Many major projects are tendered in a competitive process, but the public has only limited access to procurement information.	Most major projects are tendered in a competitive process, and the public has access to complete, reliable and timely procurement information.
11.b.	Is there a system in place to ensure that procurement is monitored adequately?	There is no procurement database, or the information is incomplete or not timely for most phases of the procurement process.	There is a procurement database with reasonably complete information, but no standard analytical reports are produced from the database.	There is a procurement database with reasonably complete information, and standard analytical reports are produced to support a formal monitoring system.
11.c.	Are procurement complaints review process conducted in a fair and timely manner?	Procurement complaints are not reviewed by an independent body.	Procurement complaints are reviewed by an independent body, but the recommendations of this body are not produced on a timely basis, nor published, nor rigorously enforced.	Procurement complaints are reviewed by an independent body whose recommendations are timely, published, and rigorously enforced.
12. Availability of Funding: Is financing for capital spending made available in a timely manner?				
12.a.	Are ministries/agencies able to plan and commit expenditure on capital projects in advance on the basis of reliable cash-flow forecasts?	Cash-flow forecasts are not prepared or updated regularly, and ministries/agencies are not provided with commitment ceilings in a timely manner.	Cash-flow forecasts are prepared or updated quarterly, and ministries/agencies are provided with commitment ceilings at least a quarter in advance.	Cash-flow forecasts are prepared or updated monthly, and ministries/agencies are provided with commitment ceilings for the full fiscal year.
12.b.	Is cash for project outlays released in a timely manner?	The financing of project outlays is frequently subject to cash rationing.	Cash for project outlays is sometimes released with delays.	Cash for project outlays is normally released in a timely manner, based on the appropriation.
12.c.	Is external (donor) funding of capital projects fully integrated into the main government bank account structure?	External financing is largely held in commercial bank accounts outside the central bank.	External financing is held at the central bank, but is not part of the main government bank account structure.	External financing is fully integrated into the main government bank account structure.

13. Portfolio Management and Oversight: Is adequate oversight exercised over implementation of the entire public investment portfolio				
13.a.	Are major capital projects subject to monitoring during project implementation?	Most major capital projects are not monitored during project implementation.	For most major projects, annual project costs, as well as physical progress, are monitored during project implementation.	For all major projects, total project costs, as well as physical progress, are centrally monitored during project implementation.
13.b.	Can funds be re-allocated between investment projects during implementation?	Funds cannot be re-allocated between projects during implementation.	Funds can be reallocated between projects during implementation, but not using systematic monitoring and transparent procedures.	Funds can be re-allocated between projects during implementation, using systematic monitoring and transparent procedures.
13.c.	Does the government adjust project implementation policies and procedures by systematically conducting ex-post reviews of projects that have completed their construction phase?	Ex-post reviews of major projects are neither systematically required, nor frequently conducted.	Ex-post reviews of major projects, focusing on project costs, deliverables and outputs, are sometimes conducted.	Ex-post reviews of major projects focusing on project costs, deliverables, and outputs are conducted regularly by an independent entity or experts, and are used to adjust project implementation policies and procedures.
14. Management of Project Implementation: Are capital projects well managed and controlled during the execution stage?				
14.a.	Do ministries/agencies have effective project management arrangements in place?	Ministries/agencies do not systematically identify senior responsible officers for major investment projects, and implementation plans are not prepared prior to budget approval.	Ministries/agencies systematically identify senior responsible officers for major investment projects, but implementation plans are not prepared prior to budget approval.	Ministries/agencies systematically identify senior responsible officers for major investment projects, and implementation plans are prepared prior to budget approval.
14.b.	Has the government issued rules, procedures and guidelines for project adjustments that are applied systematically across all major projects?	There are no standardized rules and procedures for project adjustments.	For major projects, there are standardized rules and procedures for project adjustments, but do not include, if required, a fundamental review and reappraisal of a project's rationale, costs, and expected outputs.	For all projects, there are standardized rules and procedures for project adjustments and, if required, include a fundamental review of the project's rationale, costs, and expected outputs.

14.c.	Are ex-post audits of capital projects routinely undertaken?	Major capital projects are usually not subject to ex-post external audits.	Some major capital projects are subject to ex-post external audit, information on which is published by the external auditor.	Most major capital projects are subject to ex-post external audit information on which is regularly published and scrutinized by the legislature.
15. Monitoring of Public Assets: Is the value of assets properly accounted for and reported in financial statements?				
15.a.	Are asset registers updated by surveys of the stocks, values, and conditions of public assets regularly?	Asset registers are neither comprehensive nor updated regularly.	Asset registers are either comprehensive or updated regularly at reasonable intervals.	Asset registers are comprehensive and updated regularly at reasonable intervals.
15.b.	Are nonfinancial asset values recorded in the government financial accounts?	Government financial accounts do not include the value of non-financial assets.	Government financial accounts include the value of some non-financial assets, which are revalued irregularly.	Government financial accounts include the value of most nonfinancial assets, which are revalued regularly.
15.c.	Is the depreciation of fixed assets captured in the government's operating statements?	The depreciation of fixed assets is not recorded in operating statements.	The depreciation of fixed assets is recorded in operating statements, based on statistical estimates.	The depreciation of fixed assets is recorded in operating expenditures, based on asset-specific assumptions.
Cross-cutting issues				
A	**IT support.** Is there a comprehensive computerized information system for public investment projects to support decision making and monitoring?			
B	**Legal Framework.** Is there a legal and regulatory framework that supports institutional arrangements, mandates, coverage, procedures, standards and accountability for effective PIM?			
C	**Staff capacity.** Does staff capacity (number of staff and/or their knowledge, skills, and experience) and clarity of roles and responsibilities support effective PIM institutions?			

Annex 3. Main Regulators in Infrastructure Markets

- In the telecommunication sector the regulatory framework has encouraged competition, partly by encouraging operators to secure spectrum through transparent auctions, and also by ensuring access to cable and fiber infrastructure. However, the independence of the regulatory authority, the Office of Electronic Communications (UKE), is currently being challenged by EC.[73]
- In the energy sector the Energy Regulatory Authority (URE), established by law in 1997, is responsible for monitoring the functioning of the whole energy market, including electricity and gas markets.[74]
  - In electricity generation, the three largest producers[75] are partially owned by the government and together are responsible for about 63.8 percent of the domestic market.
  - In the electricity and gas sectors, the transmission system operators are fully owned PCs,[76] while several private and public companies operate as distribution system operators (DSOs).[77]
  - The energy wholesale market is broadly competitive with trade done through the commodity exchange operator (TGE S.A). Participants have access to energy sales and information on volumes and prices contracted in the markets, on a non-discriminatory basis. However, in the gas market a large share of the transactions is executed between entities from the PGNiG — a 73 percent state-owned corporate group.
  - In the gas retail market tariff for end consumers are proposed by the companies operating in the market while their final amounts are set and approved by the regulator (URE). The tariffs set for PGNiG are critical given that the company supplies gas to over 90 percent of households. In the retail market for electricity the government froze the prices for consumers households, vulnerable consumers (e.g., hospitals) and micro- and small enterprises for one year in 2019 (for the first

[73] The UKE was established in 2006 as an independent legal entity responsible for telecommunications and postal activities, frequency resources management and compliance with the criteria related to electromagnetic compatibility. In September 2021 Poland was referred to the EU Court of Justice for breaching EU law safeguarding the independence of UKE. https://ec.europa.eu/commission/presscorner/detail/nl/IP_21_4611

[74] URE mandate includes granting licenses to conduct business activity in Poland; approving the tariffs for electricity, gas and heat; managing auction systems (for renewable energy, cogeneration, etc.); granting state aid for selected projects; and imposing financial penalties.

[75] PGE S.A. (57% owned by government), TAURON Polska Energia S.A (30%), and ENEA S.A. (52%).

[76] OGP Gaz-System S.A and PSE S.A. (Polskie Sieci Elektroenergetyczne).

[77] The gas distribution sector includes PSG Sp (subsidiary of PGNiG) as the largest DSO and 52 other energy companies. The electricity distribution sector is comprised of five large DSOs and 184 other companies. Large DSOs are subject to unbundling rules in both markets.

half of that year – for all end-consumers , while suppliers were entitled to apply for relevant compensation.

- In the transport sector the Rail Transport Authority (UTK) was established in 2003 as an independent entity.
  - The Polish Railway PKP Group—a 70 percent state-owned corporate group—is the main provider of railway services, setting prices and holding almost a complete monopoly on long-distance passenger services, while cargo operators are predominantly privately owned. The Polish Railway Network PKP-PLK (Polskie Linie Kolejowe S.A.), a company mostly owned by the State Treasury, while PKP S.A. owns17.9 per cent of shares in PLK which manages railway infrastructure including tracks, railway platforms, and underground passages.
- The National Directorate for Roads and Highways (GDDKiA) is the central administration authority responsible for issues with the national road system. In addition, SNGs are responsible for road infrastructure projects for their own communities.
- In the water sector Polish Waters (PGW WP)—a fully state-owned corporate group—was established in 2017 as part of an ambitious legal and institutional reform to strengthen the sector. Polish Waters is a state legal person which includes the previous regulatory authority, the National Water Management Authority (KZGW), as one of its organizational units. Polish waters in financed mainly from water services charges and significant subsidies from the state budget.

Annex 4. Possible Outline of Public Investment Annex in Annual Budget Document

Objective of the Annex in Budget Documentation

Presentation of a public investment annex in the annual budget documents is a legal requirement in most countries. The purpose is to provide the Parliament with an overview of on-going and new investment projects which can be tracked over time. Presentations vary considerably across countries, ranging from highly summarized tables to fully detailed ones that provide information on a project-by-project basis, while others focus on presenting major capital investments only. Countries with well-developed program-based budgeting traditions present their programs in the main appropriation act showing both current and capital spending, with capital spending including project level details. However, these countries often include summary capital spending tables in the annexes to budget documents to provide decision-makers with a snapshot view of overall capital spending.

Current Practices in Poland

Poland's PFA requires summaries of multi-annual programs to be presented in a budget annex – this is Annex 10 of the State Budget documents. This allows for reporting against these programs in the Annual Report on the State Budget. The presentation, which was 43 pages long for the 2021 budget, includes important details that meet the needs of public investment reporting notably: total costs, timeframe, progress indicators over three years, annual costs over three years with a breakdown of the State Budget contribution. The projected costs are also split between implementing entities where there are more than one.

However, these multi-annual programs are not limited to capital investments, so their summarized costs would not accurately reflect capital investment spending by the Central Government. Furthermore, multi-annual programs are not compulsory for all public investment spending. Among the capital investment missing are projects funded through borrowing or PPPs, as well as capital spending in PCs, with the exception of Polish Railways. Information on PPPs is already being collected as part of Poland's reporting obligations to EU. However, public investment in PCs is not being systematically monitored by Central Government, although information is often available in the various sector ministries.

The capital investment programs of sub-national governments, which make up half of Poland's public investment spending, are not summarized in State Budget documents, although part of them is financed from earmarked grants included in budget appropriations. Sub-national governments are excluded from the multi-annual programming process. Nevertheless, information on sub-national investment plans is made available to the MoF for fiscal planning as well as fiscal rule compliance purposes.

Presenting a Comprehensive View of Public Investment in Poland

Pulling together and presenting a more comprehensive view of public investment spending in Poland would require a number of actions to support the gathering of the necessary information, namely:

- a change to Article 138 (6) of the PFA to require an annex on public investment to be presented to the Sejm in support of the State Budget Act, the format of which should be subject to a regulation of the Minister of Finance;
- the identification of multi-annual programs (or parts thereof) focused on capital investment;
- the identification of public investment spending of the State, which is not included in multi-annual programs, including any public investment projects funded by extra-budgetary entities;
- strengthening the reporting of PPP projects;
- establishing a regular reporting requirement for capital spending by PCs;
- consolidating sub-national government investment plans; and
- specifying the minimum project-level details to be reported as part of the annual budget preparation.

In addition to establishing the mechanisms for identifying and collecting public investment information, the layout of the public investment spending annex would need to be discussed and agreed. Given the volume of projects, both at central level (e.g., roads) and sub-national level (nearly 2874 SNGs each with their own set of projects), it would be advisable to focus on major projects for individual presentation, while smaller projects could be aggregated by function and sector, and by implementing entity for central government given the need to identify budget appropriation for public investment by entity. A decision would need to be made on the definition of major project – an across-the-board floor on project cost would imply that some sectors/programs would have no projects presented, while a requirement to list the 5 largest projects for each sector/program would not show some of the larger projects.

To facilitate differing presentation requirements, the annex could start with an overall summary showing total public investment spending over the next three years under each part and then it could be broken down into four parts, namely:

Part I: Central government table summarized by function, sector, multi-annual program and implementing entity with

- a breakdown of total costs, timeframe and key outcome indicator and targets of program, and costs for year to date, budget year, and two subsequent years;
- below this summary a breakdown of the sources of financing could be presented, separating State Budget own resources, State Budget EU funds, extra-budgetary funds/entities, and loan financing;

- a list of major projects could then follow showing latest total costs, latest start and end dates, output indicator and targets, spending to date, and costs for budget plus two years. Any changes to total costs and dates could be established by comparing with the previous year's annex.

Public investment of all central government entities should be presented here irrespective of whether they are budgetary entities or not.

Part II: Public corporations table summarized by government level (central government and sub-national government), sector, public corporation or groups of PCs of the same type (if they are small and numerous, e.g., SNG' PCs), with:

- a breakdown by total costs, timeframe, spending to date, and plans for 3 years; and
- followed by a breakdown of sources of financing including State/local Budget transfer, State/local Budget capitalization, own resources, borrowing from State/local government, borrowing without guarantee, borrowing with guarantee.

Part III: Consolidated SNGs public investment summarized by function, sector, program (if any), with:

- a breakdown of total costs, costs for year to date, budget year, and two subsequent years;
- below this summary a breakdown of the sources of financing could be presented, separating State Budget grants by type of grant, State Budget EU funds, borrowing from State Budget, external grants, and loan financing.

Part IV: PPP projects broken down between central government, SNGs and PCs, with details including key partners, timeframe, any payments from budget, public funds or public corporation to date and over next 3 years, and any guarantees issued.

Annex 5. Good Practices for Maintaining Infrastructure Assets

The concept of maintenance, as used in the PIMA framework covers two categories of spending: routine maintenance to ensure that infrastructure assets operate as initially intended in a long-lasting manner, and capital maintenance, performed to rehabilitate or renovate assets to extend their lives and capacity. [78]

Empirical evidence shows that the benefits associated with maintaining and renovating assets include longer asset life spans, reduced fiscal costs in the medium and long terms, and economic and social benefits for users. Yet, despite this strong rationale, maintenance continues to be an "unloved line item" with low strategic priority.

So, how is proper maintenance of public assets ensured? Key steps in this regard include: (i) develop the right capacities to identify the needs for each key asset class early on in investment decision process; (ii) guarantee consistent and sustainable access to funding; (iii) monitor asset conditions; and (iv) collect and analyse data related to asset performance.

The requirement for maintenance to support the operation and planned life of a public infrastructure asset should be fundamental to the decision to invest in that asset. Maintenance costs should be considered through a cost-benefit analysis (CBA) during the appraisal that informs the public investment decision (OECD 2001, 2011).[79]

A government's annual budget often provides most of the funding to maintain public infrastructure. Yet, governments also employ other mechanisms to provide a sustainable source of revenue to fund maintenance activities, and to establish a performance framework to support the efficient and effective delivery of maintenance. The following table summarizes the relative strengthens and weaknesses of these funding modalities.

Dedicated funds, such as road funds, are common around the world. They are created to secure revenue to fund maintenance, but they do not remove all challenges of maintenance functions. These funds have been also criticized for governance and management weaknesses in that the relationship between a fund and a country's consolidated financial statements is not always clear and procurement practices can give rise to integrity concerns, while funds may not be subject to the same level of scrutiny as other government spending.

By way of illustrating a variation of a dedicated maintenance fund, the United Kingdom operates specific-purpose funds with the objective of spurring innovation and achieving targeted improvements to maintenance outcomes (Hayden 2019). The Department of Transport is

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[78] This annex draws from "Maintaining and Managing Public Infrastructure Assets", Chapter 14 of *Well Spent: How Strong Infrastructure Governance Can End Waste in Public Investment*, IMF 2019.

[79] Organization for Economic Co-operation and Development (OECD). 2001. Performance Indicators for the Roading Sector. Paris: OECD.

OECD. 2011. OECD Framework for the Governance of Infrastructure. Paris: OECD.

responsible for the funds, including the Local Highways Maintenance Challenge Fund and the Local Highways Maintenance Incentive and Efficiency Fund. Both funds reward councils that guard affordability and value for money when carrying out maintenance. The funds are to incentivize good practice, rewarding local government where results are achieved.

Modalities to Fund Infrastructure Maintenance: Strengths and Weaknesses

	Strengths	Weaknesses
Direct funding modalities		
Appropriation in annual budgets	• Is simple • Is subject to budget accountability mechanisms	• Involves volatility through annual decisions and many other competing budget priorities
Dedicated maintenance funds	• Secures funding for a multiannual period • Is overseen by an entity whose principal purpose is to carry maintenance	• Faces governance issues on the stewardship of the responsible entities • Involves integrity issues on operational decisions, particularly on procurement practices
User charges	• Is able to be set at a rate proportionate to the costs generated from the use of infrastructure	• Assumes charges are collectable, affordable, and equitable across different types of users
Asset management modalities		
Auxiliary business activities	• Optimizes the value achievable from surplus and supporting assets connected to a core infrastructure asset	• Does not specifically provide for maintenance, but the revenue generated is to support the sustained operation of infrastructure
National wealth funds	• Places the operation of infrastructure at arm's length from political decisions • Incentivizes the provision of maintenance to sustain the value of the infrastructure	• Does not specifically provide for maintenance
Holding companies	• Places the operation of infrastructure at arm's length from political decisions • Incentivizes the provision of maintenance to sustain the value of the infrastructure	• Does not specifically provide for maintenance

Sources: "Well Spent: How Strong Infrastructure Governance Can End Waste in Public Investment", IMF 2019.

Keeping records on public assets up to date is a blind spot for many governments. It is a technically demanding task, involving valuation and revaluation of nonfinancial assets. In spite of having elaborate financial and accounting systems, most countries do not reflect nonfinancial assets in the government's financial statements. The absence of comprehensive records or asset registers usually goes together with insufficient maintenance. Without a clear view of the age profile and quality of the asset base, a country is unable to budget appropriately for maintenance funding. Thus, lack of monitoring of the existing asset base exacerbates the bias against maintenance, contributes to a declining capital stock, and raises the cost of future replacement as the asset is gradually run down.

Finally, it is crucial to collect, analyse, and disclose asset performance data to ensure adequate maintenance of public assets. In doing so, a systemwide perspective is necessary to look at the conditions across multiple individual assets or group of similar assets (network effects). Also, any assessment of maintenance need should have an operational approach the enables the collection, analysis, and reporting of performance-based data. Technology plays an important role in the collection and automatization of data, including simulation analyses to inform maintenance needs, based on possible changes to demand and conditions. While comprehensive systems and robust data are fundamental, these elements need to be supported by asset and maintenance standards. Variations in the quality and functionality of an asset should be measured against standards to enable the estimated cost of maintenance to be calculated.

To sum up, the maintenance challenge can only be fully tackled by going beyond data collection, funding sources, and methodological and technical solutions. A strong governmental commitment for maintenance is required to ensure that public infrastructure is more durable, more sustainable and, over time, more economical.

Annex 6. Legal Framework Related to PIMA Institutions

Institution	Law/Guidelines	Comments
1 Fiscal targets and rules	Act on Public Finances (8/27/2009) https://isap.sejm.gov.pl/isap.nsf/download.xsp/WDU20091571240/U/D20091240Lj.pdf	Defines the principles and procedure for the preparation and adoption of the Multi-annual Financial Plan of the State. Article 104 specifies the content of the plan which shall contain the Convergence Programme drawn up in accordance with Council Regulation (EC) No 1466/97/EC of 7 July 1997.
2 National and Sectoral Planning	No dedicated legislation regarding investment planning	
	Act on Public Finances (8/27/2009)	Chapter III regulates preparation of the Multi-annual Financial Plan of the State and the Budget Act. Article 103 states that the Plan shall be drawn up for a given financial year and three consecutive years.
3 Coordination between entities.	Act on Public Finances (8/27/2009)	Articles 112, 114, 127, 128, 129, 132, 143, 148, 168, 170, 216, 225, 230, and 257 relate to transfer from the state budget and SNGs.
	Law on the income of local government units (11/13/2003)	Specifies the rules for determining and transferring the general transfer and the targeted transfers from the state budget to local government units.
	Announcement of the Marshal of the SEJM of the Republic of Poland of 11 August 2021. https://isap.sejm.gov.pl/isap.nsf/DocDetails.xsp?id=WDU20210001672	Updates some articles of the above-mentioned Act.
4 Project appraisal	No specific legal act or regulation	
5 Alternative infrastructure financing	Act on Public Finances (8/27/2009)	Articles 41 (2-3), 132 (3-3), 133b, 133c, 133e, 162 (4), 221a, and 226 (4-2) relate to PPPs
	Act on PPPs of December 19, 2008. https://library.pppknowledgelab.org/documents/5747/download?ref_site=kl	Defines the principles of cooperation between the public entity and the private Partner. Covers transport, energy generation, transmission and distribution, water supply, sewerage and waste management, and social infrastructure. Includes a description of the main assessment criteria to be followed by the public and the private partner when implementing a PPP to assess whether the services offer value for money.
	Act on Concessions for Construction Works or Services of October 21, 2016.	Specifies the rules and procedures for concluding contracts for concessions for works or services by public authorities.

Institution	Law/Guidelines	Comments
	https://isap.sejm.gov.pl/isap.nsf/DocDetails.xsp?id=WDU20160001920 https://www.uzp.gov.pl/__data/assets/pdf_file/0015/21336/Act20on20Concession20for20Works20or20Services.pdf	
	Act Public Procurement Law of 2019 (PPL)	Non-concession PPPs must be awarded under the PPL.
6 Multiyear Budgeting	Act on Public Finances (8/27/2009)	Article 32 indicates that financial plans should be prepared for the financial year and the two following years.
7 Budget comprehen-siveness and unity	Act on Public Finances (8/27/2009)	Article 4 indicates that the provisions of the Act apply to public finance sector entities and other entities to the extent that they use or dispose of public funds.
8 Budgeting for investment	Act on Public Finances (8/27/2009)	Articles 132 to 134, 181(3), 221, 235 and 236 among others.
9 Maintenance funding	Act on Public Finances (8/27/2009)	Article 124 indicates that the current expenditure of budgetary entities shall comprise, among other, maintenance costs.
10 Project selection	No specific legal act or regulation.	
11 Procurement	Act Public Procurement Law 2019 https://www.uzp.gov.pl/__data/assets/pdf_file/0016/50353/PPL_of_2019_as_amended_consolidated_text_2021.pdf	Introduces the legal basis for the state purchasing policy, which, after adoption by the Council of Ministers, will define the planned activities and priority objectives in the field of public procurement over a 4-year period. It also simplified procedures below and above the EU thresholds. Defined indexation of contracts and rules of obligatory application of advance payments or partial payments in specific contracts.
	Act of 8 July 2021 amending the Act PPL	On the Bank Guarantee Fund, the Deposit Guarantee System and Compulsory Restructuring and some other acts
12 Availability of funding	Act on Public Finances (8/27/2009)	Article 104 verses about the multi-annual financial plan of the State. Article 110 indicates that the state budget shall determine, among other aspects, the total amount of planned expenditures of the state budget; and the planned balance of revenues and expenditures of the state budget.
13 Portfolio management and oversight	No specific legal act or regulation.	

Institution	Law/Guidelines	Comments
14 Management of project implementation	No specific legal act or regulation.	
	Act about the Supreme Audit Office (12/23/1994) http://isap.sejm.gov.pl/isap.nsf/DocDetails.xsp?id=WDU19950130059	Entrust to it auditing activities of government administration bodies, the National Bank of Poland, state legal persons, local government bodies, self-government legal persons and other state and self-government organizational units
15 Monitoring of Public Assets	Act on the principles of managing state property (12/16/2016) http://isap.sejm.gov.pl/isap.nsf/DocDetails.xsp?id=WDU20200000735	The Act defines the rules for the management of state property, to the extent not regulated in special regulations

Annex 7. Overview of PIM-Related IT Systems

Institution	System/application	Comments
1. Fiscal targets and rules	Eviews is used for forecasting and modeling.	Data is uploaded from Excel spreadsheets. Source of data is statistical office and Eurostat and is uploaded automatically.
2. National and sectoral planning	No dedicated system to register investment plans.	
	Pavement Management System (with functionalities as HDM4)	Used by GDDKiA for analysis, planning, management and appraisal of road maintenance, improvements and investment decisions.
	Trezor is use for financial planning	The planning module of Trezor allows developing a 3-year Financial Plan.
3. Coordination between entities.	Besti@	The Besti @ system ensures that the Ministry of Finance acquires reporting data and long-term financial forecasts of local government units submitted to the Ministry of Finance through regional accounting chambers.
4. Project appraisal	No dedicated application. Some tools by sector.	GDDKiA uses its Pavement Management System for planning and appraising projects and maintenance.
5. Alternative infrastructure financing	Pipeline of 76 possible PPP projects searchable and presented by voivodship.	Managed by the MDFRP. https://www.ppp.gov.pl/baza-potencjalnych-projektow-ppp/
	Database of PPP projects with signed contracts.	Available in Poland's Open Data Portal https://dane.gov.pl/en/dataset/1260,baza-projektow-partnerstwa-publiczno-prywatnego-z-zawartymi-umowami/resource/25929/table
6. Multiyear Budgeting	Trezor	Allows planning budget for the next budget year plus forecasts for 2 more years.
7. Budget comprehensiveness and unity	No dedicated system Partial support by Besti@ and Trezor	The Besti @ system ensures that the Ministry of Finance acquires reporting data and long-term financial forecasts of local government units submitted to the Ministry of Finance through regional accounting chambers. Trezor manages current and capital spending appropriations for budget users. SOEs and extra-budgetary funds manage their own IT systems and data is not consolidated.
8. Budgeting for investment	Trezor	The planning module allows budget holders to upload their annual financial plans as well as their monthly forecasts on a daily basis for next month and the following two months
9. Maintenance funding	Pavement Management System for roads	Used by GDDKiA to plan maintenance.

Institution	System/application	Comments
10. Project selection	No dedicated system. No single project pipeline. There are some pipelines or list of projects by sector or funding source, but these are not used for selection.	GDDKiA presents by province projects in preparation, being tendered, in progress and completed. https://www.gov.pl/web/gddkia/mapa-stanu-budowy-drog4 The program Bridges for Regions includes a list of projects, but with no detailed information. https://www.gov.pl/web/fundusze-regiony/program-mosty-dla-regionow The Portal for European Funds managed by the MDFRP presents in an Excel sheet a list of all projects ongoing or completed with EU funding. https://www.funduszeeuropejskie.gov.pl/strony/o-funduszach/projekty/lista-projektow/lista-projektow-realizowanych-z-funduszy-europejskich-w-polsce-w-latach-2014-2020/ Pavement Management System supports selection by GDDKiA of projects for maintenance or reconstruction of roads.
11. Procurement	e-Orders Platform - and miniPortal (For the Platform work schedule, see: https://www.uzp.gov.pl/e-zamowienia2/informacje)	e-Orders Platform (https://ezamowienia.gov.pl/en/) is used for publication of announcements and other procurement information. miniPortal (https://miniportal.uzp.gov.pl/) allows electronic submission of an application/offer. An e-GP procurement system is under development. Final acceptance of the Platform will take place at the turn of the second and third quarter of 2022., However, using it is optional.
12. Availability of funding	Model managed by the Debt Department of MoF	It allows the Debt Department to forecast cash needs. Based on the forecasted cash projections, needs for liquidity are projected.
	Trezor	Manages the cash flow plan and actual requests for payment.
13. Portfolio management and oversight	MonAliZa	MonAliZa" (Monitoring - Analysis - Management) is a "tailor-made" IT tool for management of a portfolio of strategic projects by the Chancellery of the Prime Minister. Manages data at the project, program and institutional levels. https://www.gov.pl/web/zarzadzanie-projektami/system-teleinformatyczny-monaliza

Institution	System/application	Comments
	Central ICT system SL 2014	Managed by the MDFRP supports the implementation of operational programs and projects co-financed from EU Funds. Data from projects can be aggregated for portfolio monitoring. https://www.funduszeeuropejskie.gov.pl/strony/o-funduszach/centralny-system-teleinformatyczny/
14. Management of project implementation	MonAliZa	Allows detailed monitoring of projects at the activity level using Gantt chart and activity network diagrams. Risks monitoring is also available. For now, it is focused on 400 strategic projects.
	SL2014	Supports project implementation of EU funded projects, notably payments from EU funds (submission of payment claims, correspondence with the institution responsible for their verification), and provides other data to monitor project implementation.
15. Monitoring of Public Assets	No centralized register of public assets exists. Assets are kept at the entity level and are aggregated at the budget holder level	Information is kept by each budget holder which provide annual reports that are consolidated by the MoF into the annual financial statements of the State. Financial information related to assets formation is obtained from the Trezor system.